DETERMINANTS OF EFFECTIVE DEBT COLLECTION IN COMMERCIAL BANKS IN KENYA

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DETERMINANTS OF EFFECTIVE DEBT COLLECTION IN COMMERCIAL BANKS IN KENYA

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A Research Project Submitted to the Chandaria School of Business in Partial Fulfillment of the requirement for the Degree of Masters of Business Administration (MBA)

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STUDENT’S DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than United States International University in Nairobi for Academic credit.

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This Project has been presented for examination with my approval as the appointed supervisor.

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Dean, Chandaria School of Business
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ABSTRACT

Financial institutions have faced difficulties due to many reasons. The main cause of the serious banking problems is mainly attributed to credit default by borrowers. This is as a result of poor credit management, poor management of the loan portfolio or economic and other circumstances that can lead to deterioration in the quality of a bank’s loan book. Unstable economic times lead to higher default rate as borrowers are unable to repay their loan due to the shrinking purchasing power. The purpose of this study was to determine the determinants of effective debt collection practices in Kenyan commercial banks. The researcher was seeking to establish: i) To what extent does staff competency affect the effectiveness of debt collection in commercial banks? ii) What is the effect of resources on the effectiveness of debt collection in commercial banks? (iii) To what extent does information management affect effectiveness of debt collection in commercial banks?

The total population of the study was 1118 credit managers/supervisors or branch managers of the 37 commercial banks. A sample size of 118 respondents was selected through random sampling technique, which represents a 10% of the population. The data was collected using a questionnaire. Secondary data on the level of Nonperforming loans/Gross loans was also collected. The data collected was analyzed using descriptive statistics such as frequencies and measures of central tendency such as mean. The data was analyzed using SPSS software (statistical package for social sciences). Tables and pie charts were used to present the findings.

Results indicated that staff competence was highly emphasized in the banks. The results have shown that most respondents believe that new employees get good induction training, the induction training included training on task relating to the job and that on the job training was crucial for improving employee performance. Majority also believed that the training offered to them had widened their knowledge gap and had assisted them adjust to the work environment. It is also the belief of most of the respondents that the banks offered short term training which enhance staff competency and that the banks encouraged staff exchange programs as a means of training the staff. This implies that an increase in the effectiveness of staff competence influences the non-performing loans negatively.
The study findings also indicated that the banks have set aside enough resources to facilitate and mobilize the employees working in the debt collection departments to carry out their duties effectively and efficiently. The study findings indicate that majority of the respondents agreed with the statements that the bank provides vehicles for staff mobilization while carrying out their duties, the bank provides airtime for staff in debt collection department for follow up calls, the bank has enough number of staff in the debt collection department, the employees of the bank are well remunerated to avoid corruption issues and the bank has invested heavily in technological resources to ensure smooth work flow of employees. Correlation results led to the conclusion that the relationship between financial resources and non-performing loans is negative and significant.

Results also revealed that the banks had invested in management information systems which were easy to use and compatible with other bank systems in place. Based on the results we note that a large portion on the respondents believed that the bank had invested in a management information system that is user friendly, the information system that the bank had invested in has helped minimize administrative costs, that the core banking system was compatible with the other information systems in the bank and that the banks’ core information system could accommodate the banks growth, and that the information system being used by the bank had helped to enhance employee performance and productivity. The respondents also believed that employees had time and freedom to chat freely with their colleagues. Correlation results show that the relationship between management information system and nonperforming loans was significantly negative.

Based on the results from the study, the researcher’s recommendation is that the banks need to enhance staff competence through proper induction at the point of recruitment as well as continuous training for the existing employees. This will have an impact on the effectiveness of debt collection processes within the bank. The management should also create a platform where information on the general performance of the bank can be shared with other employees. The banks also need to allocate ample resources to be used for debt collection. The study also recommends that banks should invest more in Information technology which will positively enhance debt collection processes within the banks and as a result lower the ratio of Non-performing loans. The management information systems that the banks adopt
should be easy to use, cost efficient in terms of operation and administration, compatible with other systems in use within the bank and flexible enough to accommodate growth of the bank when it occurs.
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Commercial banks play a pivotal role in the economy in the intermediation process by mobilizing deposits from surplus units to deficit units. The surplus is channeled to deficit units through lending. Commercial banks other financial institutions in Kenya are involved in lending as the major activity and the size of loans as a percentage of banks assets attests to this fact. According to the published financial results for the 43 commercial banks in Kenya, the total asset size was Kshs 245 billion out of which Kshs 133bn was loans representing 54% of the banks’ assets (Published results 2013). This makes Loans and advances the largest asset and consequently the largest source of income for banks. In view of the significant contribution of loans to the financial health of banks through interest income generated, these assets are considered the most important assets of banks (Nelson and Schwedt, 2006).

Due to the nature of business that commercial banks undertake, they expose themselves to the risks of default from loan borrowers. Quality credit risk assessment, prudent management of risk and making adequate provisions for bad and doubtful debts can reduce the banks credit risk (Kamau, 2009). When the nonperforming assets ratio is high, the bad and doubtful debts provisions made are not adequate protection against default risk. Banks in Kenya have been lending funds to serial defaulters, this is as a result of banks having different credit information regarding the borrowers and these borrowers have exploited the information asymmetry to borrow several loans from the Kenyan banks and defaulting in the long run thus increasing the level of nonperforming assets (NPAs) in the banking sector in Kenya (Michael, Vasanthi and Selvaraju, 2006). Due to information asymmetry, the Central Bank of Kenya and Kenya Bankers Association came together to initial Credit Information Sharing in the Kenya to close the loop holes that defaulters were taking advantage of. Credit Information Sharing is a process where banks and other lenders submit information about their borrowers to a credit reference bureau and by doing so other lenders are able to access
the information to verify the credit worthiness of potential borrowers. According to bank supervision annual report CBK, 2009 credit information sharing assist the banks to know how borrowers have been repaying their loans. Credit Information Sharing enables the banks get access a Credit Report (Michael et al., 2006).

According to Nelson and Schwedt (2006) the banking industry has also made strides in managing credit risk. Until the early 1990s, the analysis of credit risk was generally limited to reviews of individual loans, and banks kept most loans on their books to maturity. Today, credit risk management encompasses both loans reviews and portfolio analysis. Moreover, the development of new technologies for buying and selling risks has allowed many banks to move away from the traditional book and hold lending practice in favor of a more active strategy that seeks the best mix of assets in light of the prevailing credit environment, market conditions, and business opportunities. Much more so than in the past, banks today are able to manage and control obligor and portfolio concentrations, maturities, and loan sizes, and to address and even eliminate problem assets before they create losses. Many banks also stress test their portfolios on a business line basis to help inform their overall management.

Olufunso, Herbstand and Lombard (2009) did an investigation into the impact of the usage of debt on the profitability of small and medium enterprises in the Buffalo city municipality, South Africa and concluded that the usage of debt has a significantly negative impact on the profitability of SMEs. The study however did not link debt collection practices and profitability of commercial banks.

Nelson and Kalani (2009) conducted a study on commercial banking crises in Kenya: cause and remedies‘. The statement of the problem for the study is many financial institutions that collapsed in Kenya since 1986 failed due to non-performing loans. This study investigated the causes of nonperforming loans, the actions that bank managers have taken to mitigate that problem and the level of success of such actions. Using a sample of 30 managers selected from the ten largest banks the study found that national economic downturn was perceived as the most important external factor. Customer failure to disclose vital information during the loan application process was considered to be the main customer specific factor. The study
further found that lack of an aggressive debt collection policy was perceived as the main bank specific factor, contributing to the non performing debt problem in Kenya.

Collection policies and procedures will apply equally to all members regardless of their professional or social standing. It is an object of the bank to be in compliance with applicable national and regional regulations, to follow Board approved procedures and guidelines, to adequately train staff to perform their duties, and to properly document loan files (Rajan, 2005). Under special and pre-authorised circumstances, loan officers may collect loan payments from the field. Under such circumstances, when outside the office, the loan officer should use common sense in accepting payments for delinquent loan. If a decision is made to accept a payment, always provide a receipt for the borrower and get here/his signature verifying the amount (Rajan, 2005).

A loan will be marked for closer attention, even if not delinquent, if there is reason to believe future payments may be in doubt (such as a "going out of business sale", accident, loss of job, etc). A loan will be considered delinquent when it is one day past due and payment has not been made. All loans will subject to penalties after a specified number of days of delinquency. Under exceptional and documented circumstances, this penalty may be waived by the Loans Department Manager. The specific policies for penalties (numbers of days and penalty rate) will be detailed in the loan policies manual. A loan will be considered in default when the terms of the loan agreement have been violated, or when specific events described in the loan policy as constituting default have occurred (Bol, 2003).

The Kenyan financial sector is generally considered to be more of bank based than market based since capital market is largely underdeveloped and narrow. Bank assets as a percentage of total assets of financial sector are about 57 percent. The vital role played by commercial banks in Kenya in financing economic development brings to the fore the need to study the funding structure of commercial banks. There have been major reforms both regulatory and financial within the banking sector in Kenya in the past decade. As a result of these reforms, existing investors in the sector have seen the need to expand their operations in the country and new ones have ventured into the business.(Kamau, 2009). Kenya’s financial sector is largely bank-based as the capital market is still considered narrow and shallow (Ngugi, et
al., 2006). Commercial banks are the dominant players in the Kenyan financial sector and as such the process of financial intermediation in the country depends heavily on commercial banks (Kamau, 2009). In fact, Oloo (2009) describes the banking sector in Kenya as the bond that holds the country’s economy together. The survival and growth of other sectors such as agricultural and manufacturing is virtually dependent on the banking sector. The banking industry in Kenya has experienced tremendous growth over the last ten years. In this period only two banks have been put under CBK statutory management compared to 37 bank-failures between 1986 and 1998 (Mwega, 2009).

The banking sector in Kenya is regulated by the Central Bank of Kenya (CBK). Commercial banks are licensed and regulated under the Banking Act cap 488; deposits taking micro finance institutions are regulated under Micro Finance Act and the Forex Bureaus under the Central Bank of Kenya Act cap 491. In Kenya, commercial banks play an important role in mobilizing financial resources for investment by extending credit to various businesses and investors. Lending represents the heart of the banking industry and loans are the dominant assets as they generate the largest share of operating income. Loans however expose the banks to the greatest level of risk. There are 44 licensed commercial banks in Kenya (43 if Charterhouse bank is excluded), one mortgage finance company and one credit reference bureau. Of the 45 financial institutions, 32 are locally owned and 13 are foreign owned. The credit reference bureau, Credit Reference Bureau Africa was the first of its kind to be registered in Kenya by the Central bank of Kenya aimed at enabling commercial banks to share information about borrowers to facilitate effectiveness in credit scoring (Central Bank of Kenya, 2012)

Data collected from the Central bank supervision report for 2012 first quarter show that the total assets held by the commercial banks in Kenya amounted to KES 2.1 trillion with loans and advances of about KES 1.2 trillion. The deposit base stood at KES 1.6 trillion and the profit before tax of the sector in general stood at KES 24.7 billion as at 31st March 2012. As at the end of March, the number of customer deposit accounts stood at 14.36 million while the loan accounts stood at 2.032 million accounts (Central Bank of Kenya, 2012)
Comparatively, the banking sector’s aggregate balance sheet expanded by 5% in the quarter from KES 2 trillion in December 2011 to KES 2.1 trillion in March 2012. Gross loans and advances in the sector grew from KES 1.19 trillion in December 2011 to KES 1.24 trillion, about to 4.2% in growth. Deposits were the main source of funding for the banking sector. The deposit base rose by 4.7% from KES 1.49 trillion in December 2011 to KES 1.56 trillion in March 2012, the growth attributed to branch expansion, increased remittances and receipts from exports. The banking sector’s recorded pre-tax profit of KES 24.7 billion for the quarter was a 5.4% decrease from the KES 26.1 billion recorded in the quarter ending in December 2011. Total income in the year stood at KES 88.4 billion in the first quarter of 2012, an 8.9% increase in income from the KES 81.2 billion registered in the fourth quarter of 2011 (Central Bank of Kenya, 2012).

1.2 Statement of the Problem

Commercial banks have gone through harsh times for a long period due to many factors. The main cause of the difficulties that commercial banks are facing is the lack of proper debt collection mechanisms and guidelines for borrowers, inadequate management of credit risk, or lack of attention to changes in economic or other circumstances that can lead to a deterioration in the credit standing of a bank’s counterparties (Gil and Diaz, 1994). In unstable economic environments, interest rates charged by banks are fast overtaken by inflation and borrowers find it difficult to repay loans as real incomes fall, insider loans increase and over concentration in certain portfolios increases giving a rise to credit risk. Bank failures in Mexico were attributed to improper lending practices, lack of experience, organizational and informational systems to adequately assess credit risk in the falling economy (Gil and Diaz, 1994). The same can be said about of banking crisis in Kenya in the 1980s and in Spain in the 1990s. The problem that this study wishes to address is that debt collection is a pertinent managerial problem that if not addressed would lead to lower profitability and in extreme cases bank failure. Do effective debt collection practices really matter to commercial banks? If they do, then they should significantly contribute to profits as high profits are expected to enhance shareholder value.
Several studies have analyzed the effect of debt collection management practices on profitability. Olufunso, Herbstand and Lombard (2009), Nelson et al. (2009) and Musyoki and Kadubo (2011) analyzed the impact of credit risk management on the financial performance of Banks in Kenya for the period 2000 – 2006 and concluded that default rate, bad debts costs and cost per loan asset have an inverse impact on banks’ financial performance, however the default rate is the most important determinant of bank financial performance vis-à-vis the other indicators of credit risk management. The research had a gap since it did not address the effect of debt collection management practices on profitability. Looking at the emphasis that is laid on effective debt collection management in Kenyan commercial banks, the level of contribution of this factor to profits has not been sufficiently analyzed. There is scarcity of studies done on determinants of effective debt collection in Kenyan commercial banks. Most studies on commercial banks have looked at the effect of credit risk management on performance of banks. It is therefore for these research gaps that this study wishes to establish the determinants of effective debt collection in Kenyan commercial banks.

1.3 Purpose of the Study

The purpose of this study was to determine the determinants of effective debt collection practices in Kenyan commercial banks.

1.4 Research Questions

The study was guided by the following research questions:

1.4.1 To what extent does staff competency affect the effectiveness of debt collection in commercial banks?

1.4.2 What is the effect of financial resources on the effectiveness of debt collection in commercial banks?

1.4.3 To what extent does information management affect effectiveness of debt collection in commercial banks?
1.5 Significance of the Study

The findings in this research study will be of significance to the following:

1.5.1 Bank Management

One of the main beneficiaries to this study will be the bank management. The study highlighted the challenges that are faced by banks in the strategic planning of the profitability and credit risk. Therefore, the banks management may use this study as a blue print in enhancing effective debt collection.

1.5.2 Government

The study may be of use to government regulatory authorities who may use the recommendations to enact policies aimed at improving debt collection management practices in banks.

1.5.3 Researchers and Scholars

Finally, the study is a valuable addition to literature review and scholars of cooperative management, business, finance and credit management who may use the study results to further their knowledge.

1.6 Scope of the Study

The study focused on 37 commercial banks in Kenya. The study was conducted in the year 2014 while secondary data covered the period 2011-2013. The study was limited to the 1118 branches of the selected commercial banks in Kenya.

1.7 Definition of Terms

1.7.1 Debt Collection

The activity of making individuals and businesses pay debts, usually ones that they have not paid on time or that they are refusing to pay (Bol, 2003).

1.7.2 Information Management
Information management is a means by which a centre maximizes the efficiency with which it plans, collects, processes, controls, dissemination and uses its information and through which it ensure that the value of that information is identified and exploited to the fullest extent (Cronin, 1990).

1.7.3 Competency

Competency is defined as a capability, ability or an underlying characteristic of an individual which is casually related to effective or superior performance. It is a set of related but different sets of behavior organized around an underlying construct, which we call the intent (Boyatzis, 2007)

1.7.4 Resources

A resource is anything which could be thought of as strength or a weakness of a given firm. More formally, a firm’s resource at a given time could be defined as those (tangible and intangible) assets which are tied semi permanently to the firm (Wernerfelt, 1984).

1.7.5 Non Performing Loans

A Non-performing loan is a loan that is in default or close to being in default. Many loans become non-performing after being in default for 90 days, but this can depend on the contract terms. A loan is nonperforming when payments of interest and principal are past due by 90 days or more, or at least 90 days of interest payments have been capitalized, refinanced or delayed by agreement, or payments are less than 90 days overdue, but there are other good reasons to doubt that payments will be made in full (International Monetary Fund, 2012).

1.7.6 Non Performing Assets

A Non-performing asset (NPA) is defined as a credit facility in respect of which the interest and/or installment of principal has remained ‘past due’ for a specified period of time. NPA is a classification used by financial institutions that refer to loans that are in jeopardy of default. Once the borrower has failed to make interest or principle payments for 90 days the loan is considered to be a non-performing asset. Non-performing assets are problematic for financial institutions since they depend on interest payments for income. Troublesome pressure from
the economy can lead to a sharp increase in non-performing loans and often results in massive write-downs (International Monetary Fund, 2012).

1.8 Chapter Summary

The chapter has given an introduction to the research projects, as well as a background of the problem and statement of the problem. It also states what the researcher aims to achieve with this study. It has also explained the reason reasons that have informed the researcher decision to carry out the research, the scope to be covered as well as the persons who will benefit from this research and the findings. Chapter two has highlighted the literature of the study topic, chapter 3 discussed the research methodology, chapter four report on the findings and chapter five gives the conclusion based on the findings as well as recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter gives a review of the literature on the topic of effect of debt collection practices. The chapter discusses the empirical studies that have been done on the area both in the private as well as the public sector with regard to the research questions. A conceptual framework is then developed from a review of existing studies.

2.2 Effect of Staff Competency on Effectiveness of Debt Collection

According to Boyatzis (2007), a competency is defined as a capability, ability or an underlying characteristic of an individual which is casually related to effective or superior performance. It is a set of related but different sets of behavior organized around an underlying construct, which we call the “intent”. The behaviors are alternate manifestations of the intent, as appropriate in various situations or times. It is important to clarify the difference between the concepts of “competence” and “competency”; competence refers to areas of work in which the person is competent and competency refers to the dimensions of behaviour underlying competent performance (Kagaari and Munene, 2007; Palan, 2003). However, for purposes of this study, competency (and its related plural form) is adopted from Armstrong (2000) as a hybrid term containing the two aspects of competence and competency. Thus, the concept of competency is used to refer to applied knowledge and skills, performance delivery, and the behaviours required to get things done very well (Armstrong and Baron, 1995).

2.2.1 Theory of Competence

Initially described as “Four Stages for Learning Any New Skill”, the theory was developed at the Gordon Training International by its employee Noel Burch in the 1970s. Even though this model has been frequently attributed to Abraham Maslow, it does not appear in his works. This theory suggests that individuals are initially unaware of what they do not know or
unconscious of their incompetence. They then get to a second stage where they recognize their incompetence which drives them to consciously acquire a skill which the go ahead to consciously utilize. Eventually, as the skill is perfected the individual can utilize it without consciously thinking it through: at this point the individual is said to have acquired unconscious competence. The element of helping someone to consciously recognize their incompetence can be compared to some elements of a Johari window, although Johari deals with self-awareness, while the four stages of competence deals with learning stages (Flower, 1999).

The four stages include; unconscious incompetence where the individual is unaware of the fact that he does not know how to do something and has no recognition of this inadequacy. At this point they may not even appreciate the need or usefulness of the skill. For him to move to the next stage he must appreciate his inadequacy as a result of this deficit, and the value that the new skill will bring. How long an individual remains in this stage will be determined by the strength of the motivation to learn. The second stage of conscious incompetence is where the individual still does not have the skill to do it but unlike in stage one he is now aware of his deficit, and appreciates the value that the new skill in addressing the existing deficit. At this stage the errors that an individual makes is an integral part of learning process. The third stage of conscious competence is where the individual has learnt and acquired the skill. He or she can competently carry out the task. However being a newly acquired skill the individual requires maximum concentration to carry out the tasks that need the skill. The fourth stage is unconscious competence where the individual has internalized the skill so well that is has it has become "second nature" and can perform it without much concentration yet with minimal or zero errors. At this level of competence the skill can even be performed can be performed together with other tasks. The individual may be able to teach it to others, depending upon how and when it was learned (Flower, 1999).
2.2.2 Different Types of Competency

According to Hutton and Moulton (2004), competencies are divided into two categories, the technical or operant competencies and the behavioural or personal competencies. Technical competencies are any technical skills which are necessary for a job role; behavioural competencies are usually an expression of the softer skills involved in effective performance at a company. Technical competencies typically learned in an educational environment or on the job. On the other hand, behavioral competencies like decisiveness, integrity and dealing with pressure are learned through life experiences and form our behavior patterns. Technical competencies are often seen as being more important since they are more overt and easily measured. However, Russell (2004) and Hutton and Moulton (2004) stress that behavioural competencies are equally important as they constitute abilities and characteristics that help people make the most of their technical competences on the job.

Competencies are framed as abilities related to motive and personality constructs that influence the frequency and intrinsic affective value associated with the execution of specific behaviours and cognitive-affective processes. In this way, competencies not only imply what an individual is capable of doing but what they want to do. Thus for effective prediction of work performance, both of these factors have to be taken into account. This implies that competencies differ significantly from abilities, because motives form a critical element of the theoretical framework. In other words, abilities inform you about what a person can do, while competencies provide insight into what a person can and will do (Ryan, Emmerling and Spencer, 2009).

Bergenhenegouwen, Horn and Mooijman (1996) argued that in a work context, individuals must possess a range of personal competencies along with task specific competencies to perform effectively. Many organizations therefore combine both personal competences and job based competences. In this regard Russell (2004) stresses that although most models do not necessarily balance these two differing aspects effectively; success in a role depends on the ability to effectively match the technical competencies of the role with its required behavioral competencies. However, according to Palan (2003), although competencies are essential for performance, they are by themselves inadequate for effective performance in a
job. Thus, the possession of a functional competency is no guarantee that there will be superior performance because a person may have a competency but is unable to use it, which inhibits effective performance in a job.

### 2.2.3 Methods of improving Competency

In today’s rapidly changing world, it is difficult to predict what might happen next year, let alone several years in the future. But we must try to anticipate new developments and develop the strategies necessary to succeed. In 2007 Statistics Norway decided upon a strategy for human resources as a sub strategy of the overall strategy document “Strategy 2007”. The main headlines of this strategy are: Forward-looking and transparent management, Sharing knowledge, High-quality on-the-job training, An attractive employer and Expertise development – a joint responsibility (Byfuglien and Johnsen, 2010).

#### 2.2.3.1 Training

Training can be defined as an activity that changes people’s behavior (Zwick, 2006). Most people who are hired do not have the complete knowledge and experience to perform the tasks assigned to them at the point of hiring and for this reason training is designed to equip them with the necessary skills for the assigned job. (Fitzgerald, 2008) Not only does training increase productivity, it also motivates and inspires workers by enlightening them on how important their jobs while at the same time giving them the best way to perform those jobs. (Zwick, 2006)

Various studies have examined the impact of training on non-financial performance as turnover, quality, absenteeism and customer satisfaction. With respect to turnover, Bishop (2007), in his study on newly hires showed that formal training led to lower labour turnover, whereas Krueger and Rouse (2008) reported that reading, writing and mathematics training had a positive effect on turnover. A majority of other studies also found that training had a positive effect on labour turnover. These results suggest that turnover has a powerful effect on employer decisions to provide training to employees. High turnover implies that investment in training for their employees is inefficient because many of those trained moved
to other companies. Thus, companies may pay quite a high price for this turnover in terms of lower sales.

Other studies have estimated the impact of training on quality, absenteeism, and customer satisfaction. One possible explanation why these non financial performance indicators were more popular is that when considering the competitive advantages that a firm is thought to possess people usually think about high quality or justifying the customer's needs. Thus, many studies have tried to measure firm performance by these indicators. For instance, Ghebregiorgis and Karsten (2007) and Krueger and Rouse (1998) demonstrated that training had a strong effect on absenteeism rate reduction. Aragon- Sanchez, Barba-Aragon and Sanz- Valle (2003), and Katou and Budhwar (2007) found that training has a positive effect on quality, whereas Ely (2004) reported that training has a significant and positive effect on customer satisfaction.

2.2.3.2 Self-development

Personal development includes activities that improve awareness and identity, develop talents and potential, build human capital and facilitates employability, enhance quality of life and contribute to the realization of dreams and aspirations (Ely, 2004). The concept is not limited to self-help but includes formal and informal activities for developing others, in roles such as teacher, guide, counselor, manager, coach, or mentor. Finally, as personal development takes place in the context of institutions, it refers to the methods, programs, tools, techniques, and assessment systems that support human development at the individual level in organizations. At the level of the individual, what personal development entails is a holistic improvement of oneself that is mentally, physically, emotionally. This manifests itself by the level of maturity that one exudes in dealing with issues that they face as well as the level of achievement that is credited to a person. Personal development enhances ones chances to increase wealth, build networks, improve on skill and talents, spirituality and general quality of life.

The concept covers a wider field than self-development or self-help: As one develops himself, he or she also develops others. The process of developing others occurs when a person with special skill trains or mentors other within an organization as they go about their
day to day activities, or when the person who has the skills undertakes training of others as a professional fulltime engagement where he mentors and coaches others.

Many of the organizations are investing in employee development and in return the employees are motivated working harder and give their all towards achieving the organization’s goals. There are many schools of thoughts. One school of thought says that employee development focus on: Self Development, Self Directed Learning

2.2.4 Effect of Competency on Staff Morale

Iqbal, Latif and Nasser (2012), reveals the relationship between person job fit, job satisfaction and job performance in their research paper, The Impact of Person Job Fit on Job Satisfaction and its Subsequent Impact on Employees Performance. Their paper studied and analyzed the responses of 251 respondents from various universities in twin cities; Islamabad and Rawalpindi. The results of the research showed that the level of job satisfaction is positively related to how fit they are for the job and this translates to higher level of performance. The research also showed that job satisfaction is also positively related to job performance.

Ruitenberg and Beer (2012), in their research study the impact of attitudes and work preferences on Dutch mothers’ employment, argued that relatively variable work preferences act as a mediating factor between more stable gender and work attitudes and actual labor market behavior. With a path analysis of a representative survey among 940 Dutch mothers, the study demonstrates that the effect of gender and work attitudes on mothers’ labour market behaviour is largely mediated by the variable work preference, which influence on actual labour participation appears much larger than the influence of objective background characteristics.

Yancey (2012), mentioned that prior research has uncovered inter correlations between many work attitudes and work behaviours. His study is an effort to uncover the underlying structure between these variables, 156 graduate students at a Midwestern state university were administered a 70-item survey that tapped into 11 different work attitudes and work behaviors. An exploratory factor analysis with varimax rotation was performed to
explore the underlying factor structure of the 70 items. One conclusion from the study was that burnout did not strongly correlate with the other variables. It appeared to be a separate factor. The remaining variables were strongly related, consistent with previous research.

2.2.5 Effect of Competency on Productivity

Previous studies (Ryan, Emmerling and Spencer, 2009; Boyatzis, 2007; McClelland, 1973, 1998; Spencer, 2001, 2003) have highlighted the validity and utility of competencies in predicting workplace performance across a variety of settings, possibly including procurement performance. In addition, competencies are a product of a job and once generated, they link work, people and strategies for improving performance (McLagan, 1997). Hudson (2008) reinforces the above studies, asserting that identifying and nurturing competencies is crucial if procurement officers are to distinguish themselves as high performers.

Wanyama and Mutsotso (2010) concluded that, capacity building and employee productivity is positively correlated to organizational performance. Therefore they recommended, the firms through the Human Resource Departments should plan and execute training programs that are in line with objectives of the firm and those that match employees’ abilities and skills to enhance effective organizational performance. Human Resource Development practitioners should consider desired work-related attitudes such as organizational motivation, employee turnover, employee productivity, punctuality, organizational performance, job satisfaction and motivation to be an additional outcome of employee productivity and capacity building. Since employee productivity depends on the amount of time an individual is physically present at a job and also the degree to which he or she is mentally present or efficiently functioning while present at a job. Companies must address employees’ satisfaction, health, and morale in order to maintain high worker productivity (Wanyama and Mutsotso, 2010).

Human Resource Department professionals should create conducive working environment for its employees and highly held in high esteem since they are the driving force of the company. Zingheim and Schuster (2009) mentioned that organizations had a common concept for competencies but different specific definitions. A compilation of their competency
definitions includes individual knowledge, skill, capabilities, behaviors, abilities, aptitudes and judgment applied to perform required or essential work to meet the organization’s performance goals, to address business challenges, to accomplish the organization’s mission and to make the organization more successful and help people be successful at the same time.

Human assets are one of the most important resources available to any organization and employee competence and commitment largely determine the objectives that an organization can set for itself and to its success in achieving them. It is for this reason that the importance of effective employees cannot be understated.

HayGroup (2004) point out that an organization’s best source of competitive advantage lies with its employees. Strategies, business models, products and services can all be copied by competitors, but talented and competent employees represent a sustainable source of differentiation. Boyatzis (1982) defined that competency encompassing the knowledge, skills, abilities, traits and behaviors that allow an individual to perform a task within a specific function or job. Bartel et al., (2004), it was examine whether a workplace can induce good or bad attitudes among its employees and whether any such workplace attitudes affect economic outcomes. The results document the existence and persistence of a genuine workplace effect in how workers view their jobs and organizations. The study’s results show that there are happy and unhappy workplaces, as well as happy and unhappy workers, with very different patterns of turnover and productivity in these workplaces. This study analyses responses of thousands of employees working in nearly two hundred branches to the employee opinion survey of a major US bank in 1994 and 1996. The results of this study support a conclusion that employee attitudes are strongly correlated with economic outcomes of work organizations, consistent with the findings of a 25 small but growing body of other studies that focus on organization-level outcome.

According Sonnentag and Frese (2001), organizations need highly performing individuals in order to meet organization goals, to deliver the products and services they specialized in and finally to achieve competitive advantage. Performance is also important for the individual as accomplishing tasks and performing at a high level can be a source of satisfaction, with
feelings of mastery and pride (VanScotter, Motowidlo and Cross, 2000). The growing globalization of business and increasing competition and technological advancement has led to an increasing need to change organizational policies and strategies (Hampel and Martinsons, 2009). The pace of challenges is increasing and thus organizational change is considered unavoidable (Drucker, 1999).

2.3 Resources and Effectiveness of Debt Collection

Wernerfelt (1984) argued that a resource is anything which could be thought of as strength or a weakness of a given firm. Resources can also be defined as those assets both tangible and intangible that a firm owns at any given time. Examples of resources are: Buildings, Machinery, Patented brand names, vast sources raw materials, in-house recipes, qualified and experienced employees, efficient procedures, and large capital.

According to Grant (1991), resources are the inputs into the production process. Amit and Shoemaker (1993) define resources as all input factors within the control of the firm that a firm uses in the production of goods and services to satisfy human wants. Resources can be distinguished into two categories; tangible and intangible. The tangible resources can be seen and touched and therefore are easy to identify and evaluate. These are recorded in the firm’s balance sheet and can be valued based on the accounting criteria. Intangible resources cannot be seen or touched and therefore are more difficult to identify and value. Intangible resources include a good business reputation, Brand names, trademarks, personal and business networks, copyrights, patent rights, secret recipes, natural monopoly status, contracts and licenses, intellectual property, information in public domain, and organizational culture (Hall, 1993)

2.3.1 Resource Based View Theory

Resource Based-View (RBV) was developed by Penrose (1959) who suggested that a company should be considered as a collection of physical and human resources bound together in an organizational structure. Furthermore, Hafeez et al. (2007) classified resources as physical assets and intellectual assets. Physical assets (i.e. plant and equipment) are easily distinguishable due to their tangible existence (Hafeez et al., 2007). Intellectual capital is
relevant to the intangible aspect of human resource such as employee skill, knowledge and individual competencies (Hafeez et al., 2007). Overall, the RBV addresses two key points (Gottschalk and Solli-Sæther, 2005). First, the RBV indicates a resource should provide economic value and must be currently scarce, difficult to imitate or copy, non-substitutable, and not readily accessible in factor markets to create competitive advantage (McIvor, 2009). Second, resources determine firm performance (Gottschalk and Solli-Sæther, 2005; McIvor, 2009).

Newbert (2007) categorized theoretical approaches into four types: resource heterogeneity, organizing approach, conceptual-level, and dynamic capabilities. The resource heterogeneity approach argues that how well a firm performs is determined by the resources, capabilities and core competences that it owns or controls. The organizing approach dwells on how effectively a firm is able to implement the resources and competencies that it controls. Scholars utilizing the conceptual-level approach try to investigate if the attributes of a resource identified by Barney (1991) such as value, rareness, and inimitability, can effectively explain performance. The dynamic capabilities approach emphasizes specific resource-level processes influencing on competitive advantage or performance, in which a specific resource interacts with a specific dynamic capability as an independent variable.

### 2.3.2 RIPPLES Model

More recently, the RIPPLES model has been introduced and provides an instrumentalist perspective to the implementation of technology in higher education. The model can be adapted to effective debt collection. This model identifies the following components that must be attended to when implementing technology; resources, infrastructure, people, policies, learning, evaluation, and support. (Surry, Ensminger and Haab, 2005).

#### 2.3.2.1 Resources

Adequacy of resources is determined by what is available and whether it is accessible to the firm for implementation of innovation. These resources would include the finances that the firm has set aside for the project, the existing infrastructure, hardware, software, human resource, and support structures (Ely, 1999, 1990). According to Burkman (1987) it is crucial
to identify and source for the necessary equipment, materials, and facilities necessary for the implementation of a new instructional product. Klien and Sorra (1996) have identified infrastructure as a vital resource for implementation. Havelock and Zlotolow (1995) emphasize the need for change agents to acquire the necessary resources for implementation. The RIPPLES model recognizes the following resource as crucial in technology integration: financial resources, infrastructure which refers to the required hardware and software to support the technology integration, human resource is also necessary as it assists in the technology integration efforts as part of the “support” component (Surry, Ensminger and Haab, 2005). Resources have been recognized as a vital part of implementation by other researchers such as Buchan and Swann, (2006); Dhanarajan, (2001); Ebersole and Vorndam, (2003) and Wallace (2001).

2.3.2.2 Knowledge and Skills

Knowledge and skills refers to the user’s ability to employ the innovation based on their knowledge and skills. It also reflects the user’s level of self confidence and belief in their ability to use the innovation. To achieve this training is an integral part of the implementation plan (Ely 1990, 1999). The intensity and level of training will be determined by the complexity of the innovation. When the innovation is complex, the level of training is more intense, might take longer as well as more resources and may prolong the implementation process (Rogers 1995). Kotter (1996) underlines the need to develop competencies as a vital component in the change process. Varkking (1995) states that training is a crucial ingredient during the implementation process. According to Ensminger and Habb (2005) knowledge and skill development is an aspect of the “people” component of the RIPPLES model. Other researchers who have linked knowledge and skills or training to successful implementation include (Benson and Palaskas, 2006; Dalton, 1989; Dhanarajan, 2001; Ebersole and Vorndam, 2003; Herson et al., 2000; Okumus, 2001).

2.3.2.3 Participation

Participation refers to the how involved the stakeholders are at the point of making a decision as to whether to adopt and implement an innovation. In case where it is not possible to get feedback from every user, the firm may select user group representatives whose feedback
could be adopted as a representation of all users. (Ely 1990, 1999). By doing this the stakeholders are able to own the process which in turn increases their interest in a successful implementation. Varkking (1995), states that participation in the design phase is in fact the first step of implementation.

Participation has been included in the RIPPLES model as part of the “people” component. It suggests that faculty should be involved in the decision making process when it comes to technology implementation (Surry, Ensminger and Haab, 2005). Other researchers who emphasize the need for participation by target users or employees during innovation or change design include; (Dirks et al., 1996; Herson et al., 2000; Meyers et al., 1999; Sims and Sims, 2002; Smith and Mourier, 1999).

2.3.2.4 Commitment

Commitment refers to the level of support given by the upper level management or power brokers in an organization. The commitment is measured by how the users perceive the powerbrokers’ commitment to the implementation of the innovation. The fact that the power broker claims to be committed will not constitute commitment unless the user believe that he is truly committed. (Ely, 1990, 1999). Visible forms of commitment include actions like the management communicates personally about the proposed implementation, Strategic planning, review of the organizational policies to accommodate the proposed changes, allocation of resources in to the process, and investing of time and energy in to the implementation process of the innovation. Kotter (1996) talks of creating a team of powerbrokers who believe in the change process. The members of this team must be people who are influential, competent, credible and with leadership Dhanarajan (2001) sighted lack of commitment from leadership in universities as a barrier to implementation. Other researchers who have emphasized the importance of powerbrokers in the change process include Buchan and Swann (2007), Conger (2000), Jost and Schneberger (1994), Meyers et al. (1999),

2.3.2.5 Leadership

Leaders are the people who manage the daily activities of those implementing the innovation. Leadership is therefore the level of ownership and support given by the leaders to the people
they manage. (Ely, 1990, 1999). The level of commitment directly affects the motivation of the users. It is important that supervisors encourage and support the users by answering any questions that may arise and addressing any concerns they may have. They should also lead by example by being role models for using the innovation. Kotter (1996) indicates that supervisors must actively support the change in word and deed. A critical part of change process is support given by the supervisors to the users (Buchan and Swann, 2007).

2.3.4 Financial Resources

Financial resources are the cash funds which fill the deficit as a result of the timing differences between a company's cash disbursements and cash receipts. Financial resources are offered by different investors such as shareholders, lenders and debt holders, in exchange for remuneration. The remuneration can be dividends, interests and capital gains (Peteraf and Barney, 2003).

Amit and Shoemaker (1993) define resources as all input factors within the control of the firm that a firm uses in the production of goods and services to satisfy human wants. Resources can be distinguished into two categories; tangible and intangible. The tangible resources can be seen and touched and therefore are easy to identify and evaluate. These are recorded in the firm’s balance sheet and can be valued based on the accounting criteria. Intangible resources cannot be seen or touched and therefore are more difficult to identify and value. Intangible resources include a good business reputation, Brand names, trademarks, personal and business networks, copyrights, patent rights, secret recipes, natural monopoly status, contracts and licenses, intellectual property, information in public domain, and organizational culture (Hall, 1993).

2.3.5 Human Resources

This refers to the resource that resides in the knowledge, skills, and motivation of people. Human resource is the least mobile of the four factors of production, and (under right conditions) it improves with age and experience, which no other resource can do. It is therefore regarded as the scarcest and most crucial productive resource that creates the largest and longest lasting advantage for an organization (Grant, 2002).
HRM covers a wide range of activities. The main area of study we will focus on will be incentives and work organization. Incentives include remuneration systems (e.g. individuals or group incentive/contingent pay) and also the system of appraisal, promotion and career advancement. By work organization we mean the distribution of decision rights (autonomy/decentralization) between managers and workers, job design (e.g. flexibility of working, job rotation), team-working (e.g. who works with whom) and information provision (Clardy, 2008).

2.3.6 Resources and Effect on Productivity

Antikainen et al. (2008) asserts that productivity is a key factor specifying the organization capacity for progress in the competition field (Antikainen et al., 2008). For competition in the economy field, organizations in general and industrial units in particular have no alternative but to enhancing manpower productivity as the main strategic source. Regarding this issue, Draker (1999) asserts that today's challenge of organizations is measuring and enhancing the worker productivity. Therefore, managers are required to recognize, motivate, and optimize the great hidden power of organizations' human talents and take into account the factors creating instrumental motivation (such as salary and wages, bonus, facilities, working physical environment, and safety) and non-instrumental motivation (like unity of jobs, job security, justice in organizations and training), since these factors do really affect productivity.

Most of the scientists' focus in worker productivity enhancement is on the three basic factors of instruction, motivation, and partnership. Organizations will achieve continuous considerable productivity improvement in the case of working right instructional programs in organizations, using permanent incentives instead of classic ones, and applying the skills of individuals' partnership in the decision making process and organization affairs. (Taheri, 2004)

Various approaches regarding classification of the factors affecting productivity have been employed, some of which are as follow: According to Otote (2008), the principal factors affecting productivity include challenging and purposeful work, self-management, supportive
leadership, multi-dimensional skills, priority of individual-and group based bonus system (Otote, 2008).

Taheri (2004) believes that the key factors affecting manpower productivity enhancement are continuous job training of staff and managers, upgrading motivation among staff to do better and further work, paving the way for innovation and creativity of staff and managers, setting up a right payment system based on performance, establishing an encouragement and punishment system, working conscience, and social discipline, changes in the system and methods, empowering the sovereignty, and the mastery of organization policies over the affairs (Taheri, 2004).

In a survey done by Tayebi and Baghbanian (2002) to investigate the factors affecting worker productivity from the viewpoint of the supportive sector staff of Shiraz Medical Science University, the most important factors were recognized as ability, job awareness, performance feedback, organizational support, motivation, validity, and environmental adaptation (Tayyebi et al., 2002 ). Alamaleki et al. (2002), also found in a survey that those satisfied with different job factors (instrumental factors of motivation, organizational structure, instruction and job skills) have weak productivity, whereas those pleased with these factors have a higher productivity, and there is a significant relation between productivity and different job factors (Alaolmaleki et al., 2002).

Kilic and Okumus (2005) investigated the factors affecting productivity in small Island hotels. The results showed that the principal factors affecting productivity in these hotels were staff training, staff employment, guests' expectations, and service quality ( Kilic and Okumus ,2005).

Walters (2007) has also investigated the impact of leader-subordinate relation Model (LMX) on worker productivity, showing that the worker productivity will go up when entrepreneurs and employees have a close relationship and managers consult employees in the decision making process (Walters, 2007). Enshassi et al. (2007) in a survey called “an investigation of the factors affecting worker productivity in building projects”, identified the following factors as the ones having negative impact on worker productivity: shortage of materials, lack of working experience, lack of supervision, misunderstanding between workers and
supervisors, change of plans and features during work, delays in payments, lack of loyalty to staff, delay in inspection, seven days of work per week without any holidays, and shortage of instruments and equipment (Enshassi et al., 2007). Pretti Jin also reported in his research that the most significant barriers to productivity are job dissatisfaction, lack of training, weak management, lack of commitment, shortage of facilities, weak relation between staff, and lack of working teams (Ahmadzadeh, 2007).

Rumelt (1991) research investigated variance in profits among firms within the same industry and firms from different industries. He found that there were greater variances amongst firm in the same industry than when compared to other industries. The findings implied that the main causes of profit variances were specific to firms. Liang, You, and Liu (2010) study on the resource based model to investigate relationship between IT and the firm performance in information systems research has been inconclusive when the research model does not include organizational capabilities. The indirect-effect model that includes organizational capabilities as mediators between organization resources and firm performance can better explain the value of IT than the direct effect RBV model without organizational capabilities.

They found out that technology resources raise internal and external capabilities, which in turn affect firm performance. Organization resources positively affect organizational efficiency through its impact on internal capabilities. The results of the study provide direction for investing and managing organizational IT resources to enhance their performance. Managers can contribute to enhancing firm performance through transferring IT resources to firm’s capabilities (Liang, You and Liu, 2010).

Study done by Powers and Hahn (2002) found that a firm in pursuit of a strategic competitive position can develop a competitive advantage from the set of competitive methods it develops. The competitive methods could either be improvement of internal processes or marketing activities. Marketing activities had the most significant impact. The study also showed that firms with management team which has the ability to optimally administer the competitive methods developed had an advantage over those firms that did not.
The purpose of the study of Kak (2002) was to examine how the sustainability of a firm’s competitive advantage is influenced by the rareness and imitability of its resources and capabilities. When the resources are rare and hard to imitate it became harder for competitors to imitate making the competitive advantage accruing to the firm more sustainable.

2.4 Information Management and Effectiveness of Debt Collection

Information management (IM) is the collection and management of information from one or more sources and the distribution of that information to one or more audiences. This sometimes involves those who have a stake in, or a right to that information. Management means the organization of and control over the planning, structure and organisation, controlling, processing, evaluating and reporting of information activities in order to meet client objectives and to enable corporate functions in the delivery of information (Cronin, 1990).

2.4.1 Systems Theory

Systems theory can be defined as a working hypothesis, whose main function is to provide a model for explaining, predicting, and controlling phenomenon (Bertalanffy, 1962). According to Kuhn (1974) understanding one part of a system enables us to know understand another part. How much information one can derive is determined by the amount of information that can be inferred from the first information (Kuhn, 1974). Systems can be categorized into two, controlled or uncontrolled. In controlled systems once information is sensed, the system adjusts in response to the information sensed. Kuhn (1974) refers to these as detector, selector, and effector functions of the system.

The detector facilitates communication between the system and other systems. The selector identifies the decision that the system should take given the information sensed by the detector, and the effector carries out the decisions made by the selector. It is through the effector that transactions are carried out between systems. There are only two processes that occur between two systems; communication and transaction. Communication involves the exchange of information between one system and another while transaction involves the exchange of energy or matter.
A systems theory approach to KM recognizes that each time one of the key knowledge processes is enacted; there may be a ripple effect of events and behaviors that may change the state of other sub-systems. Events maybe part of reinforcing processes that lead to the growth or decline of either desirable or undesirable outcomes. Each knowledge process may lead to reactionary solutions or true generative learning. Depending upon how the four processes have been implemented, they can be viewed as closed, open or dynamic systems, each influenced more or less by the external environment.

2.4.2 Factors Affecting Knowledge Management

The rate of technological change in the marketing environment is utmost important factor that influence on relationship-marketing success (Zineldin, 2000). The internet especially has been changing so rapidly and has been providing so many advanced technologies for doing businesses to manage customer relationships in an organized and right way. Since relationships can be obtain through customer services which provide one to one marketing and ongoing interactions, it is critical for any company to pay close attention on delivering excellent customer service by influential communication tools at any time and continuously improve their customer support to ensure long-lasting relationships with their existing customers.

Therefore in this era of technology, technology plays a significant role in increasing customer service levels by providing new sort of service delivery, strengthen customer intimacy, responding faster to customers’ needs and affording customers the opportunity to help themselves (Mulligan and Gordon, 2002). Some technologies that contribute in enhancing CRM are mostly communication tools used in providing customer service which includes intelligent e-mail system, voice through Protocol (VoIP), voice recognition equipped interactive voice response (IVR), IP-based call centers and other web capabilities like web chat, web callback and video conferencing and some other tools which are coming day by day. There are also other non-communication tools like order tracking system, personalized web pages and web forms that gives to the customer good experience (Mulligan and Gordon, 2002).
From an operations perspective, (Bose, 2002) pointed out that CRM is an integration of technologies and business processes that are adopted to satisfy the needs of a customer during any given interaction. Whilst the potential benefits are attractive, CRM implementation must be managed carefully to deliver results. In order to successfully embed CRM, system users should be involved and expectations managed (Gefen and Ridings, 2002). Business processes need to be changed as well as technology (Swift, 2002 and Goodhue, Wixom, and Watson, 2002), with two interconnected processes: knowledge management and interaction management, seen as key by Zablah, Bellenger, and Johnston (2004). The former process uses marketing intelligence to build and maintain a portfolio of profitable customer relationships, feeding into the latter process which leverages the intelligence to ensure the quality of individual exchange episode.

The rapid growth of information technology (IT) has not only changed the ways that information is collected and used, but also the ways in which businesses are conducted. The next step in this trend will be to use customer relationship management infrastructure to find out what customers value and tailor the service to their particular needs (Montgomery and Smith, 2009).

Technology used in business has been changing rapidly in response to the highly competitive and innovative global environment. For organizations to remain competitive in the market it has become increasingly necessary to embrace Information Communication Technology (ICT) Change in the world today is driven by deregulation, global excess capacity, global competition, changing customer expectations, ICT, changing work and lifestyle. Due to these changes, organizations have to strategize on how to sustain their competitive advantage. Cravens, (2009)

ICT has registered immense growth in this century. It has been embraced by the business world to help improve on efficiency and to minimize on costs. Recently, the term of ICT has expanded to include the role of ICT tools not just inside the company but outside the company, for example, UNDP report, 2001, claimed that ICT is considered as a tool of marketing and contacting customers and looking for possible customers, as well as
presenting ICT services is distinguished as a potential service for customers (Werthner and Klein, 2005).

Gholami et al (2008) states that ICT is also considered as a key enabler for globalization, facilitating worldwide flows of information, capital, ideas, people and products.

According to Laudon and Laudon (2007) ICT includes all the technology that enables user to carry out the processing, transfer and exchange of information. It connects the work stations to the telecommunication infrastructure which enables the user to interact with the computers constructively regardless of where they may be.

According to Werthner and Klein (2005), ICT term is made up of hardware, software, networks and people that are work together to produce information that is that will assist the user in the production process, selling and assisting in achieving the organization’s set objectives.

Information technology generates fundamental changes in the nature and application of technology in business (Gholami et al., 2008).

Information Communication Technologies (ICT) can greatly enhance the competitiveness of an organization if they adequately embrace information communication technology making the best of its capabilities to achieve their goals. (Buhalis, 2003) ICT has greatly changed the way the airline industry operates in the last decade (Werthner and Klein, 2005). Information and Communication Technology (ICT) has always been crucial in the airline industry but with the introduction of internet, ICT has become even more relevant and to an extent mandatory (Tim, 2008). Web distribution combined with cheaper and more flexible technologies allows new players on the market to adopt cheaper mechanisms of service delivery which has increased the level of competition within the industry. (Buhalis and Law, 2008).

ICT causes a paradigm shift in the way technology is used to carry out business. It can provide a effective strategic tools for the organization which, if well utilized could be extremely beneficial to the organization going a long way in greatly enhancing its competitive edge. According to (Buhalis, 2004) ICT enables an organization to minimize on expenses while improving on capacity which greatly enhances the performance of the firm.
ICT makes coordination and outsourcing easier and cheaper. It makes exchange of information and creates a platform for learning.

2.4.3 Effect of Knowledge Management on Productivity

According to Sinare, (2008), Credit References Bureaus are information brokers, whose task is to avail lenders information that is up to date and useful regarding the credit history of existing and potential borrowers. Credit bureaus gather information from lenders analyze it, summarize it and package the information in a way that creditors can access it and use it to make decision. This service is offered to the lenders at a fee. Lewis (2004) indicated that most banks and most creditors prefer hard collateral-based credit but would extend cash flow-based credits if they can use a reliable and inexpensive system to exchange information on the character and ability to pay of borrowers. Credit reference bureaus came up to address the problem of information asymmetry between lenders and the borrowers. (Paydaycash, 2010). When financial institutions compete with each other for customers, multiple borrowing and over-indebtedness increases loan default unless the financial institutions have access to databases that capture relevant aspects of clients’ borrowing behavior. The CRB contributes significantly to reduction in the costs of screening loan applications because they assist the lender to easily eliminate borrowers who have poor credit record in the past.

Research by Armstrong, (2008) based on information from several countries across the globe show that the existence of credit registries is associated with increased lending volume, growth of consumer lending, improved access to financing and a more stable banking sector. Further, Hansen et al, (2004), highlighted that many borrowers prudently make their loan repayments but due to lack of any proper records of the same no credits accrue to them for future reference when they want to make another borrowing. Whenever there are cases of loan defaults, all customers bear the cost when interest rates are raised to manage the default risk. Put simply - good borrowers are paying for bad. Credit reference bureaus help banks to identify the defaulters from the diligent payers.

It is hard to obtain accurate information on the financial ability of prospective borrowers and even more difficult to have accurate information on their credit history. This makes it extremely difficult for the lenders to assess whether the potential borrowers can actually
service the loans once they are given to them. Banks therefore resort to credit bureaus as part of the lending decision process. Walsh, (2003) warns that having only information from the credit bureaus might influence the lender to base all their decision on this information which might not always be true due to delay in updating them. - a blacklist with the potential of restricting access to credit. In the past, credit scoring focused on the possibility or likelihood that a borrower would default on his or her loan repayments. In the recent past credit scoring has encompassed the potential loss as well as the inherent default risk. (Glennon et al, 2008). Scoring techniques are nowadays used throughout the whole life cycle of a loan for decision making. With increasing competition, electronic sale channels and recent saving, credit and cooperative guidelines have been instrumental in creation and automation of the credit scoring systems.

Gupta and Moesel (2007) investigated the impact of entrepreneurial orientations on a firm’s knowledge management practices in its supply chain alliances. They collected needed data from top executives of small and medium-sized high technology firms located in the US. Their findings revealed that entrepreneurial orientations (risk-taking, innovativeness and proactiveness) are positively related to knowledge creation and acquisition in key customer alliances.

Hui Li et al. (2008) examined the relationship among entrepreneurial orientation, knowledge creation process, and firm performance. According to their hypotheses they have concluded that; there is a significant relationship between entrepreneurial orientation and firm performance, there is a significant relationship between entrepreneurial orientation and knowledge creation process and there is a significant relationship between knowledge creation process and firm performance.

McCall et al. (2008) conducted a study aimed at investigating whether the knowledge management systems embodied within public knowledge stimuli, affect performance decisions within decision-making circles, and whether knowledge is acquired in a form different from conventional methods and references (articles and books) during research and problem-solving. An empirical approach was used to study performance levels and public knowledge acquisition through a sample containing (188) volunteers, divided into two groups
using knowledge management systems in one group, and conventional methods in the other. The study found that the users of knowledge management systems outperformed the users of conventional references. There were also improvements in analysing and solving problems, the break-down of rules and definitions, and recognizing data. The difference in the performance of knowledge acquisition was statistically significant between the two groups.

Misar et al., (2001) conducted a study aimed at providing a general framework for structuring knowledge management in governmental organizations, and its most important aspects which included; human resources, technology, operations, and management. The study provided an example of the structure of knowledge management in the Indian government and the extent of success achieved from the adoption of this methodology in the Indian government.

Darroch (2005) also found a positive connection between firm knowledge management capabilities and firm innovation capabilities. From a survey distributed to larger organizations in New Zealand Darroch (2005) concluded that organizations that had capabilities in “knowledge acquisition, knowledge dissemination, and responsiveness to knowledge were more innovative and performed better. Carneiro (2000) also argued that “the organizations that are able to stimulate and to improve the knowledge of their human capital are much more prepared to face today’s rapid changes and to innovate in the domain they decide to invest and compete.

2.5 Conceptual Framework

Mugenda and Mugenda (2003) and Smith (2004), define a conceptual framework a hypothesized model identifying the model under study and the relationship between the dependent and independent variables. Kothari (2004) defines an independent variable also known as the explanatory variable is the presumed cause of the changes of the dependent variable, while a dependent variable refers to the variable which the researcher wishes to explain. Below is a figurative representation of the variables to be explored by this study.
2.6 Operational Framework

Staff competency were explained by the statements that every new employee receives induction training, learning about the duties of the job is included in the induction training, on the job training is important and effective in improving employee performance, training has improved my knowledge gap about the bank, which has helped me adjust comfortably to the work environment, the bank encourages staff exchange programs with other employees which improves work knowledge and productivity and the bank offers short training in form of seminars to improve staff competency.

Resources were explained by the availability of vehicles for staff mobilization while carrying out their duties, the bank provides airtime for staff in debt collection department for follow up calls and enough number of staff in the debt collection department. Availability of resources was also explained by the employees of the bank are well remunerated to avoid corruption issues and the bank has invested heavily in technological resources to ensure smooth work flow of employees.

Information management was measured by the effectiveness of management information system which has enabled the banks to reduce costs, and investing in the management information system which is easy to use. The core banks management information system is
compatible with other systems, management information system is flexible enough to supports the growth of the bank, the management information system of the bank has enabled the staff to work better and give better output and staff usually have time to chat informally with their colleagues also measured the effectiveness of information management.

**Metrics/parameters**  
**Independent variables**  
**Dependent Variable**

![Diagram](image)

**Figure 2.2: Operational Framework**

### 2.7 Chapter Summary

In this chapter the study looked reviewed literature on the need to identify the determinants of effective debt collection in Kenyan commercial banks. The Chapter reviewed the literature on effect of debt collection practices. The chapter reviews literature on effect of staff
competency, financial resources and information management on the effectiveness on debt collection practices. Chapter 3 will give in detail the methodology that has been used for this research.
CHAPTER THREE

3.0: RESEARCH METHODOLOGY

3.1 Introduction

This chapter offers the sample design used by the researcher, data collection method and techniques. The chapter also offers the steps to be taken by the researcher in order to attain valid and reliable data that will ultimately lead to a comprehensive and well through study.

3.2 Research Design

Research design can be defined as method that a researcher adopts to collect, and analyze data for the purpose of achieving the desired objectives. (Chandran, 2006) According to Cooper and Schindler (2007) research design constitutes the blueprint for the collection, measurement, and analysis of data.

This research was carried out through descriptive survey design that involved the gathering of facts, opinions and views of the employees in the determinants of effective debt collection in Kenyan commercial banks. The researcher chose descriptive design because it enabled the study to describe the state of affairs as far as staff competency, financial resources; information management and debt collection practice is concerned. Descriptive survey research is concerned with finding out the what, where, when or how much while exploratory research is useful when the researcher lacks a clear idea of the problems they might encounter during the study as it helps to develop concepts more clearly, establish priorities, develop operational definitions, and improve the final research design Cooper and Schindler (2007). Kothari (2005) defined a survey as a very powerful form of qualitative analysis that involves a careful or a complete observation of a social unit, be that unit a person, a family, an institution, a cultural group or even the entire community. It is a method of survey in depth rather than in breadth. The case survey method was essential and most appropriate since it allowed an intensive investigation of parameters under survey. The independent variables are Staff competence, Resources and Information management while the dependent variables include...
variable is debt collection practices which are measured by the level of Nonperforming assets (NPA).

3.3 Population and Sampling Design

3.3.1: Population

Cooper and Schindler (2007) defined a population as the total collection of elements about which we wish to make inferences. Burns and Grove (2003) and Mugenda and Mugenda (2003) describe population as all the elements that meet the criteria for inclusion in a study. Population is therefore the entire group of individuals, events or objects having a common observable characteristic.

Target population is the specific population about which information is desired. This definition ensures that the population of interest is homogeneous. Population studies are more representative because everyone has equal chance to be included in the final sample that is drawn according to Mugenda and Mugenda (2008).

The study focused on 1118 credit managers/supervisors or branch managers working in 37 commercial banks of Kenya and in 1118 branches spread across Kenya.

3.3.2: Sample Size and Design

A sample is the segment of the population that is selected for investigation. It is a subset of the population (Bryman and Bell, 2003)

3.3.2.1: Sampling Frame

Sampling frame is the record of all units in the population from which the sample will be selected. It enables the researcher to pick out specific members from the target population to be used for the research. (Turner, 2008) The sampling frame of this survey was the list of credit managers/supervisors or branch managers working in 37 commercial banks of Kenya and in 1118 branches spread across Kenya. This data was obtained from CBK supervision report 2012.
3.3.2.2: Sampling Technique

A sample technique refers to the methods that the researcher adopts in selecting the elements to be used for research. Sampling refers to the selection of a subset of individuals or elements from within a statistical population with an aim of estimating the characteristics of the whole population. The success of a sample design is measured by how well the sample results are representative of the population it represents. (Kothari, 2004) Sampling was done in this study to facilitate quicker data collection and to minimize on costs of data collection. The researcher used simple random sampling method to choose the respondents who were to take part in the study. The selected respondents were issued with the questionnaires.

A random sample is a sample of size n drawn from a population of size N in such a way that every possible sample of size n has the same chance of being selected. Random sampling was the preferred sampling technique because of the ease of assembling the sample. It is also considered as a fair way of selecting a sample from a given population since every member is given equal opportunities of being selected.

One way would be the lottery method. Each of the N population members is assigned a unique number. The numbers are placed in a bowl and thoroughly mixed. Then, a blind-folded researcher selects n numbers. Population members having the selected numbers are included in the sample Chochran, (1977).

3.3.2.3: Sample Size

The sample of this study is 118 credit manager/supervisors or branch managers of the 37 commercial banks spread across 1118 branches. This is 10% of the population. The choice of 10% is based on Mugenda and Mugenda (2003) who recommends that 10% is an adequate sample for a survey. The branch network listing was as at December 2012 and was extracted from the CBK Bank Supervision Report (2012). The banks selected for purposes of this research are those with 5 branches and above.
Table 3.1: Sample Distribution

<table>
<thead>
<tr>
<th>Category</th>
<th>Population of Branches</th>
<th>Sample Size</th>
<th>Sample %</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Banking Corporation</td>
<td>11</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Bank of Africa Kenya Limited</td>
<td>28</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Bank of Baroda (K) Limited</td>
<td>11</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Bank of India</td>
<td>5</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Barclays Bank of Kenya Limited</td>
<td>107</td>
<td>11</td>
<td>10%</td>
</tr>
<tr>
<td>CFC Stanbic Bank Limited</td>
<td>24</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Chase Bank (K) Limited</td>
<td>21</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Commercial Bank of Africa Limited</td>
<td>22</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Consolidated Bank of Kenya Limited</td>
<td>17</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Co-operative Bank of Kenya Limited</td>
<td>123</td>
<td>12</td>
<td>10%</td>
</tr>
<tr>
<td>Credit Bank Limited</td>
<td>8</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Diamond Trust Bank (Kenya) Limited</td>
<td>46</td>
<td>5</td>
<td>10%</td>
</tr>
<tr>
<td>Dubai Bank Kenya Limited</td>
<td>5</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Ecobank Kenya Limited</td>
<td>25</td>
<td>3</td>
<td>10%</td>
</tr>
<tr>
<td>Equatorial Commercial Bank Limited</td>
<td>13</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Equity Bank Limited</td>
<td>145</td>
<td>15</td>
<td>10%</td>
</tr>
<tr>
<td>Family Bank Limited</td>
<td>66</td>
<td>7</td>
<td>10%</td>
</tr>
<tr>
<td>Fidelity Commercial Bank Limited</td>
<td>11</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Fina Bank Limited</td>
<td>15</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>First Community Bank Limited</td>
<td>18</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Giro Commercial Bank Limited</td>
<td>8</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Guardian Bank Limited</td>
<td>9</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Gulf African Bank Limited</td>
<td>13</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Habib Bank A.G Zurich</td>
<td>5</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Imperial Bank Limited</td>
<td>24</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>I and M Bank Limited</td>
<td>21</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Jamii Bora Bank Limited</td>
<td>14</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Kenya Commercial Bank Limited</td>
<td>170</td>
<td>17</td>
<td>10%</td>
</tr>
<tr>
<td>K-Rep Bank Limited</td>
<td>35</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>National Bank of Kenya Limited</td>
<td>59</td>
<td>6</td>
<td>10%</td>
</tr>
<tr>
<td>NIC Bank Limited</td>
<td>21</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Oriental Commercial Bank Limited</td>
<td>7</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Paramount Universal Bank Limited</td>
<td>5</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td>Prime Bank Limited</td>
<td>16</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Standard Chartered Bank Kenya Limited</td>
<td>38</td>
<td>4</td>
<td>10%</td>
</tr>
<tr>
<td>Trans-National Bank Limited</td>
<td>17</td>
<td>2</td>
<td>10%</td>
</tr>
<tr>
<td>Housing Finance Company Limited</td>
<td>11</td>
<td>1</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1182</strong></td>
<td><strong>118</strong></td>
<td><strong>10%</strong></td>
</tr>
</tbody>
</table>

3.4 Data Collection Methods

Primary data is data that is collected by the researcher using such methods as direct
observation which allows one to focus on details of importance and to see a system in real rather than theoretical use. Primary data can also be sourced from surveys; written surveys allow for collection of considerable quantities of detailed data.

For the purpose of this study, the researcher has used questionnaires. According to Mugenda and Mugenda (2003) a questionnaire is one of the best tools of collecting primary data. Key (1997) asserts that a questionnaire is a means of eliciting the feelings, beliefs, experiences, perceptions, or attitudes of some sample of individuals. As a data collecting instrument, it will be structured or unstructured. The researcher used a structured questionnaire with both open ended and closed questions for the purposes of data collection.

The questionnaire is in three sections: how can staff competency affect debt collection effectiveness; how can resources affect debt collection effectiveness in banks; what is the effect of information management on debt collection effectiveness of commercial banks in Kenya. The questionnaire had close ended questions only which required the respondent to either agree or disagree.

The study also used secondary data to collect information on debt collection measures for the period between 2011 to 2013. This period represented a fairly stable economic environment in Kenya which makes it ideal for the research. The data was obtained from the Central Bank of Kenya supervisory report.

3.5 Research Procedures

The researcher developed the instruments with which to collect the necessary information. According to Mugenda and Mugenda (2003), questionnaires have the advantage of time conservation, convenience, as well as anonymity. Structured questions were therefore used in an effort to conserve time and money and to facilitate an easier analysis as they are in immediate usable form. The main advantage of closed ended questions is that they are easy to analyze since they are in their immediate usable form. They are also easy to administer because each time is followed by an alternative answer and is economical to use in terms of time saving.
The study incorporated primary data. The primary data was sought due to its nearness to the truth and ease for control over errors (Cooper and Schindler, 2011). Primary data was collected using semi-structured questionnaires. The questionnaires were administered through drop and pick methods. The questionnaire was used because they allow the respondents to give their responses in a free environment. The questionnaire was self-administered to all the respondents.

Pilot testing is the carrying out of a mock data collection with an aim of checking whether the adopted methodology is ideal for the research. The reason a researcher would carry out pilot testing is to ensure that the questionnaires are well understood by the targeted question group. This will be established from the answers that are received during the pilot testing process. By carrying out pilot testing the researcher is able to confirm whether the questions are of the desired quality and in the process he/she is able to improve on the questionnaire before releasing it for the actual survey. In this survey, pilot testing was done by having ten respondents who were not part of the target sample fill in the questionnaire. This allowed the researcher to confirm clarity in the questions and remove bias and ambiguity in the data collection instrument. The members involved in the pre-test did not form part of the sample that was analyzed.

3.6 Data Analysis Methods

The data collected for this research was analyzed quantitatively which included descriptive and inferential statistics. The descriptive statistics used in the research were frequencies and mean. Descriptive statistics are used to summarize, describe or display quantitative data. They give a summary of the sample data collected and the characteristics it exudes. Descriptive data is presented in figure and graphs and these form the basis of every quantitative analysis.

Inferential statistics such as correlation and regression model were used to capture the impact of staff competence, resources and information management on debt collection practices.
The Statistical Package for Social Sciences (SPSS) was used to analyze the data and produce the descriptive statistics. The descriptive statistics generated enabled the researcher to present the findings in a clear and simple format using graphs, pie charts and frequency tables.

3.7 Chapter Summary

This chapter has discussed the research methodology that shall be used to carry out the research. It describes the sampling methods adopted giving the sample frame, the target population as well as the sample size, how the data will be collected and once it is collected, how it shall be analyzed to present findings that can be used by the researcher to make conclusions. A population of 1118 credit managers/supervisors or branch managers drawn from 1118 branches of the 37 commercial banks were the unit of analysis. A sample of 118 respondents was randomly selected. Primary data was collected using a questionnaire. Once the data was collected it was analyzed with the use of SPSS software.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter will summarize the results based on the analyzed data collected for the purpose of this research. The chapter looked at the collected data based on the administered questionnaires. This collected sample data became the basis on which the researcher established his results and made his findings.

4.2 General Information

The section presents details about the respondent which include gender, education level, employment duration, and Job designation. 87 answered questionnaires were received out of the 118 questionnaires given out which translates to a response rate of 73%. This response was considered adequate considering scholars such as Mugenda and Mugenda (2003) and Kothari (2004) who asserted that a response rate of 50% or more is ideal for data analysis. Based on these assertions from renowned scholars 73% response rate is adequate for the study.

4.2.1 Gender of the Respondents

Out of the 87 respondents, 50 of them were male representing 57% while the remaining 37 were female representing 43% of the respondents. This implies that there are more men in the banking sector than women Table 4.1 shows the findings.
Figure 4.1: Gender of the Respondents

4.2.2 Level of Education

The study was meant to establish the level of education of the respondents. The findings show that 71 respondents which represent 82% had studied to university level and above. Of these 38 had attained a postgraduate level of education. This shows that the banking sector has a highly educated manpower and this could have contributed to the quality of responses given.

Figure 4.2: Level of Education
4.2.3 Length of Employment

The intention of the question was to establish how long the respondent had been working for the current employer. The findings show that 67.8% of the employees had worked for over 5 years, while 21.8% had worked for a period between 3 to 5 years while 9% had worked for less than 2 years. This makes the respondents ideal for this research as they have worked with the organizations long enough to have a clear idea of what the determinants of effective debt collection in commercial banks in Kenya are.

Table 4.1: Years of Service

<table>
<thead>
<tr>
<th>Period</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 3 years</td>
<td>9</td>
<td>10.3%</td>
</tr>
<tr>
<td>3- 5 years</td>
<td>19</td>
<td>21.8%</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>59</td>
<td>67.8%</td>
</tr>
<tr>
<td>Total</td>
<td>87</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

4.2.4 Position Held in Bank

The study aimed at finding out the position the respondents held in their banks. Figure 4.3 indicates that majority of the respondents (74%) were credit managers and 26% were branch managers. The findings imply that the respondents were well aware of the issues the researcher sought to find out hence accurate responses.

Figure 4.3: Position in the Bank
4.3 **Staff Competency and Effective Debt Collection Practices**

The first objective of the study was to investigate the effect of staff competency on the effectiveness of debt collection in commercial banks. The results were presented as follows.

4.3.1 **Employees Receive Induction Training**

Based on the question whether new employees received induction training, 51.5% of the respondents agreed strongly that there was induction training for new employees, 32.2% agreed, 10.3% disagreed, 2.3% strongly disagreed while 3.4% were neutral/indifferent. When you group up the responses it shows that 83.9% of the respondents were in agreement while 12.6% disagreed. The results are summarized in Table 4.2

### Table 4.2: Induction Training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every new employee receives induction training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>2.3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>9</td>
<td>10.3%</td>
</tr>
<tr>
<td>Neutral</td>
<td>3</td>
<td>3.4%</td>
</tr>
<tr>
<td>Agree</td>
<td>28</td>
<td>32.2%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>45</td>
<td>51.7%</td>
</tr>
</tbody>
</table>

4.3.2 **Learning about duties during Induction Training**

In response to the question whether learning about the job was part of the induction, 20.7% of the respondent strongly agreed, 47.1% agreed, 6.9% were indifferent, 18.4% disagreed while 6.9% strongly disagreed. Summing up the responses we see that 67.8% of the respondents were in agreement while 25.3% disagreed. The remaining 6.9% were indifferent or could not tell for sure if induction training included learning about duties of the job. The results are summarized in table 4.3
Table 4.3: Learning about the Duties of the Job

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning about the duties of the job is included in the training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>6</td>
<td>6.9%</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>18.4%</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>6.9%</td>
</tr>
<tr>
<td>Agree</td>
<td>41</td>
<td>47.1%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>18</td>
<td>20.7%</td>
</tr>
</tbody>
</table>

4.3.3 On Job Training

The response to the statement, ‘’on the job training is important and effective in improving employee performance’’, out of the 87 respondents, 36 strongly agreed, 32 agreed, 5 were neutral or indifferent, 7 disagreed while 7 strongly disagreed. This means 78.2% of the respondents were in agreement while 16% did not agree. 5.8% were neutral or indifferent. The results are summarized in Table 4.4.

Table 4.4: On the Job Training

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>On the job training is effective and important in improving employee performance.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>7</td>
<td>8.0%</td>
</tr>
<tr>
<td>Disagree</td>
<td>7</td>
<td>8.0%</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>5.7%</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>36.8%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>36</td>
<td>41.4%</td>
</tr>
</tbody>
</table>

4.3.4 Training Improves Knowledge Gap

The purpose of the study was to find out whether training has improved the knowledge gap about the bank, which has helped the respondents adjust comfortably to the work environment. Out of the 87 respondents 72 (82.8%) of them agreed while 12 (13.7%) disagreed. 3 respondents which represented 3.4% of the total respondents were neutral. The results are summarized in Table 4.6.
Table 4.6: Training Improves Knowledge Gap

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Training has improved my knowledge gap about the bank, which has helped</td>
<td>Strongly disagree</td>
<td>7</td>
</tr>
<tr>
<td>me adjust comfortably to the work environment.</td>
<td>Disagree</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>39</td>
</tr>
</tbody>
</table>

4.3.5 Staff Exchange Programs

The study was carried out to establish whether the bank encourages staff exchange programs with other employees which improves work knowledge and productivity. 75 respondents representing 86.2% of the total respondents agreed that the bank encourages exchange programs with other employees thus improving work knowledge and productivity, 5 respondents representing 5.7% of the total respondents disagreed while 7 respondents were neutral or indifferent. Table 4.7 gives a summary of the results.

Table 4.7: Staff Exchange Programs

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank encourages staff exchange programs among employees which improve</td>
<td>Strongly disagree</td>
<td>0</td>
</tr>
<tr>
<td>work knowledge and productivity.</td>
<td>Disagree</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>41</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>34</td>
</tr>
</tbody>
</table>

4.3.6 Offering of Short Term Training

In the response to the question whether the bank offers short term training in form of seminars to improve staff competence, 66 respondents representing 75.8% of the total respondents agreed that the banks offer short term training to improve staff competence, 15 respondent representing 17.2% disagreed while 6 respondents representing 6.9% were neutral. This implies that most banks offer short term training in form of seminars to improve the competence of their employees. Table 4.8 gives a summary of the findings.
Table 4.8: Employee Satisfaction on Working Environment

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank offers short training in form of seminars which improve staff competence.</td>
<td>Strongly disagree 0</td>
<td>0.0%</td>
</tr>
<tr>
<td></td>
<td>Disagree 15</td>
<td>17.2%</td>
</tr>
<tr>
<td></td>
<td>Neutral 6</td>
<td>6.9%</td>
</tr>
<tr>
<td></td>
<td>Agree 35</td>
<td>40.2%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree 31</td>
<td>35.6%</td>
</tr>
</tbody>
</table>

4.4   Resources and Effective Debt Collection Practices

The second objective of the study was to determine the effect of financial resources on the effectiveness of debt collection in commercial banks. Based on the respondents’ answers, these were the results,

4.4.1   Bank Provides Vehicles for Staff Mobilization

The study was done to find out if the bank provides vehicles for staff mobilization while carrying out their duties, 42.5% of the respondents agreed and another 32.2% strongly agreed bringing to a total of 74.7% of those who agreed. Those who disagreed represented 13.8% while those who strongly disagreed represented 3.4%. 8% of the respondents were neutral or indifferent about this question. Table 4.9 gives a summary of the findings.

Table 4.9: Bank Provides Vehicles for Staff Mobilization

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank provides staff vehicles for mobilization while carrying out their duties.</td>
<td>Strongly disagree 3</td>
<td>3.4%</td>
</tr>
<tr>
<td></td>
<td>Disagree 12</td>
<td>13.8%</td>
</tr>
<tr>
<td></td>
<td>Neutral 7</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>Agree 37</td>
<td>42.5%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree 28</td>
<td>32.2%</td>
</tr>
</tbody>
</table>

4.4.2   Bank Provides Airtime for Debt Collection

The purpose of the study was to find out whether the bank provides airtime for staff in debt collection department for follow up calls. A majority (50.6%) of the respondents strongly
agreed and another 36.8% agreed bringing to a total of 87.4% of those who agreed, 3.4% disagreed. Only 6.9% of the respondents were neutral. Results are presented in Table 4.10

Table 4.10: Bank Provides Airtime for Debt Collection

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>The bank provides airtime for staff in debt collection department for follow up calls</td>
<td>Strongly disagree</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>44</td>
</tr>
</tbody>
</table>

4.4.3 Enough Personnel in Debt Collection Department

The study sought to find out if the bank has enough number of staff in the debt collection department, 41.4% of the respondents agreed and another 27.6% strongly agreed bringing to a total of 69% of those who agreed. 27.5% of the respondent disagreed while 3.4% were neutral. Table 4.11 gives a summary of the findings.

Table 4.11: Enough Personnel in Debt Collection Department

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank has enough number of staff in the debt collection department.</td>
<td>Strongly disagree</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Strongly agree</td>
<td>24</td>
</tr>
</tbody>
</table>

4.4.4 Employees are well remunerated

The purpose of the study was to establish whether the employees of the bank are well remunerated to avoid corruption issues. Out of the 87 respondents, 66 of them (75.8%) agreed that employees were well remunerated while 13 of them (14.9%) disagreed. 8 respondents were neutral about the subject. The results are summarized in Table 4.12
### Table 4.12: Employees are Well Remunerated

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The employees of the bank are well remunerated to avoid corruption issues.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>3</td>
<td>3.4%</td>
</tr>
<tr>
<td>Disagree</td>
<td>10</td>
<td>11.5%</td>
</tr>
<tr>
<td>Neutral</td>
<td>8</td>
<td>9.2%</td>
</tr>
<tr>
<td>Agree</td>
<td>33</td>
<td>37.9%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>33</td>
<td>37.9%</td>
</tr>
</tbody>
</table>

### 4.4.5 Bank has invested in Technological Resources

The study was meant to establish whether the bank has invested heavily in technological resources to ensure smooth work flow of employees. 66 respondents representing 75.8% agreed that the bank had invested in technological resources. 15 respondents or 16.2% of the total respondents disagreed while 6 respondents were neutral or indifferent. A summary of the results are shown on Table 4.13

### Table 4.13: Bank has invested in Technological Resources

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank has invested heavily in technology resources to ensure smooth work flow of employees.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>1</td>
<td>1.1%</td>
</tr>
<tr>
<td>Disagree</td>
<td>14</td>
<td>16.1%</td>
</tr>
<tr>
<td>Neutral</td>
<td>6</td>
<td>6.9%</td>
</tr>
<tr>
<td>Agree</td>
<td>32</td>
<td>36.8%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>34</td>
<td>39.1%</td>
</tr>
</tbody>
</table>

### 4.6 Information Management and Effective Debt Collection Practices

The third objective of the study was to determine to what extent information management affects effectiveness of debt collection in commercial banks. These were the findings based on the respondents’ answers.

#### 4.6.1 Bank has invested in Management Information System

The aim of this question was to establish whether the bank has adequately invested in management information systems that both efficient and user friendly so that the employees concerned can easily utilize it to effectively carry out debt collection. Respondents agreed
that the bank had invested in management information systems while 13 respondents disagree. The remaining 10 respondents were neutral or indifferent. A summary of the results is in Table 4.14

**Table 4.14: Bank has invested in Management Information System**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank has invested in a management information system that is easy to use.</td>
<td>Strongly disagree 3</td>
<td>3.4%</td>
</tr>
<tr>
<td></td>
<td>Disagree 10</td>
<td>11.5%</td>
</tr>
<tr>
<td></td>
<td>Neutral 10</td>
<td>11.5%</td>
</tr>
<tr>
<td></td>
<td>Agree 37</td>
<td>42.5%</td>
</tr>
<tr>
<td></td>
<td>Strongly agree 27</td>
<td>31.0%</td>
</tr>
</tbody>
</table>

**4.6.2 Management Information System and Minimization of Administrative Costs**

The question sought to find out from the respondents whether the management information system that the banks had invested in had contributed to the minimization of administrative costs. 63 of the respondents agreed that the management information had enhanced minimization of administrative costs while 17 respondents disagreed. The remaining 7 were neutral/indifferent. Table 4.15 gives a summary of the results.

**Table 4.15: Management Information System and Minimization of Administrative Costs**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Bank has invested in a management information system which has enabled minimization of costs</td>
<td>Strongly disagree 4</td>
<td>4.6%</td>
</tr>
<tr>
<td></td>
<td>Disagree 13</td>
<td>14.9%</td>
</tr>
<tr>
<td></td>
<td>Neutral 7</td>
<td>8.0%</td>
</tr>
<tr>
<td></td>
<td>Agree 28</td>
<td>32.2%</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree 35</td>
<td>40.2%</td>
</tr>
</tbody>
</table>

**4.6.3 Bank Management Information System Compatibility**

The question sought to find out from the respondents whether the core banking system was compatible with other management information systems used in the bank. Out of the 87 responses, 56 respondents agreed that the core banking system was compatible with the other
management information systems, while 19 respondents disagreed. 12 respondents were neutral. The findings have been summarized on Table 4.16.

**Table 4.16: Bank Management Information System Compatibility**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The core banking management system is compatible with other systems.</td>
<td>Strongly disagree</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>14</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree</td>
<td>26</td>
</tr>
</tbody>
</table>

**4.6.4 Bank Management Information System Flexibility**

The aim of this study was to establish whether the bank’s information system had the capacity to support the growth of the bank. 80 respondents agreed that the banks information system was flexible and could support growth while 4 respondents disagreed. 3 respondents were neutral. Table 4.17 shows a summary of the results.

**Table 4.17: Bank Management Information System Flexibility**

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management information system is flexible enough to support the growth of the bank.</td>
<td>Strongly disagree</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Disagree</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Neutral</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Agree</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Strongly disagree</td>
<td>50</td>
</tr>
</tbody>
</table>

**4.6.5 Management Information System in Assisting Employees**

The study had sought to establish whether the management information system had played a crucial role in assisting employees to carry out their tasks and as a result enhance performance and productivity. Out of the 87 respondents 80 respondents agreed, while 3 disagreed. 4 respondents were neutral. The results are summarized in Table 4.18 below.
Table 4.18: Management Information System in Assisting Employees.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management information system has been crucial in assisting employees to enhance their performance and productivity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>2</td>
<td>2.3%</td>
</tr>
<tr>
<td>Disagree</td>
<td>1</td>
<td>1.1%</td>
</tr>
<tr>
<td>Neutral</td>
<td>4</td>
<td>4.6%</td>
</tr>
<tr>
<td>Agree</td>
<td>39</td>
<td>44.8%</td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>41</td>
<td>47.1%</td>
</tr>
</tbody>
</table>

4.6.6 Staffs have Time to Chat Informally with Their Colleagues

The respondents were asked to indicate if the staffs usually have time to chat informally with their colleagues. Out of the 87 respondents, 54 agreed that employees had time to chat informally with their colleagues while 28 disagreed. 5 respondents were neutral. The findings are summarized on Table 4.19.

Table 4.19: Staffs have Time to Chat Informally with Their Colleagues

<table>
<thead>
<tr>
<th>Statement</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff usually have time to chat informally with their colleagues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strongly disagree</td>
<td>12</td>
<td>13.8%</td>
</tr>
<tr>
<td>Disagree</td>
<td>16</td>
<td>18.4%</td>
</tr>
<tr>
<td>Neutral</td>
<td>5</td>
<td>5.7%</td>
</tr>
<tr>
<td>Agree</td>
<td>49</td>
<td>56.3%</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>5.7%</td>
</tr>
</tbody>
</table>

4.7 Nonperforming Loans

Table 4.20 indicates that there was a slight increase of the nonperforming loans in the year 2011 to the year 2012 and a decline in the following year from 1132735 to 1008214. This implies that the banks had put effective measures on debt collection hence the decline in the number of amount of the nonperforming loans.
Table 4.20 Descriptive statistics for Non-performing loans

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0</td>
<td>9342775</td>
<td>1008214</td>
<td>1656600</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
<td>10475335</td>
<td>1132735</td>
<td>1796020</td>
</tr>
<tr>
<td>2013</td>
<td>0</td>
<td>9342775</td>
<td>1008214</td>
<td>1656600</td>
</tr>
</tbody>
</table>

4.8 Inferential Statistics

Inferential statistics are presented through correlation and regression analysis.

4.8.1 Bivariate Correlation

This part presents the correlation results between the non-performing loans (Independent variable and Staff competence, resources and information systems (dependent variables). This relationship is presented in Table 4.21. The table also shows the correlation between one independent variable and another. As the results on Table 4.21 indicate, Non-performing loans are negatively correlated with all the dependent variable. This reveals that any negative change in staff competency, resources and information management led to increased number of nonperforming loans in the commercial banks.

Table 4.21: Bivariate Correlation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Average NPL</th>
<th>Staff competency</th>
<th>Resources</th>
<th>Information management</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average NPL</td>
<td>Pearson correlation</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff competency</td>
<td>Pearson correlation</td>
<td>-0.424</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td></td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resources</td>
<td>Pearson correlation</td>
<td>-0.408</td>
<td>0.577</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2 tailed)</td>
<td></td>
<td>0.000</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>
### 4.7.2 Regression Analysis

Regression analysis was used to establish how significant the independent variable (staff competency, resources and information management) is to the dependent variable that is non-performing loans. The regression equation used was as indicated:

\[
Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \mu
\]

Where

- \(Y\) = Non Performing Loans
- \(X_1\) = Staff Competency
- \(X_2\) = Resources
- \(X_3\) = Information Management

In the model, \(\beta_0\) = the constant term while the coefficient \(\beta_i\) = 1….3 was used to measure the sensitivity of the dependent variables (\(Y\)) to unit change in the predictor variables. \(\mu\) is the error term which captures the unexplained variations in the model.

Regression analysis was conducted to establish whether staff competence, resources and information management have a significant effect on the level of Non-performing loans in commercial banks. Results according to Table 4.22 indicate that the coefficient of determination is 41.9% (R square) which means only 41.9% of the variations in Nonperforming loans can be explained by the three analyzed dependent variables that is Staff competence, resources and information management. The correlation coefficient is 64.7% which shows that the combined effect of the dependent or predictor variables has a strong positive effect with the independent variable (Nonperforming loans).

<table>
<thead>
<tr>
<th>Information Management</th>
<th>Pearson correlation</th>
<th>0.212</th>
<th>0.896</th>
<th>0.61</th>
<th>1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sig. (2 tailed)</td>
<td>0.049</td>
<td>0.000</td>
<td>0.000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 4.22: Regression Model Fitness

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Coefficient</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>0.647</td>
</tr>
<tr>
<td>R square</td>
<td>0.419</td>
</tr>
<tr>
<td>Std error of estimate</td>
<td>1310091</td>
</tr>
</tbody>
</table>

According to the analysis of variance (ANOVA) on Table 4.23, the combined effort of staff competence, resources and information management was statistically significant in explaining the variations in nonperforming loans. This is supported by a p value of 0.000 which is less than the acceptance critical value of 0.05

Table 4.23: ANOVA

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>1.03E+14</td>
<td>3</td>
<td>3.42E+13</td>
<td>19.939</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>1.42E+14</td>
<td>83</td>
<td>1.72E+12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2.45E+14</td>
<td>86</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The regression coefficient of the determinant variables is shown on Table 4.24. Staff competency, resources and information management had a significant effect on the level of nonperforming loans. According to the results there was a significant negative relationship between staff competency and nonperforming loans. (bêta -3,942,193). This means that an increase in staff competency by one unit will lead to a decrease in nonperforming loans by 3,942,193. The results also show that there is a significant negative relationship between resources and nonperforming loans as the (beta -1075872 p value 0.049). The findings imply that an increase in resources availability by one unit leads to a decrease in non-performing loans by 1075872 units. The relationship between information management and nonperforming loans is also significantly negative (beta =-3022081 p value 0.000). This implies that an increase in information management by one unit will lead to a decrease in nonperforming loans by 3022081 units.
Table 4.24: Regression Coefficients

<table>
<thead>
<tr>
<th>Variable</th>
<th>Beta</th>
<th>Std. Error</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>7089303</td>
<td>1239821</td>
<td>5.718</td>
<td>0.000</td>
</tr>
<tr>
<td>Staff Competency</td>
<td>-3942193</td>
<td>659273</td>
<td>-5.98</td>
<td>0.000</td>
</tr>
<tr>
<td>Resources</td>
<td>-1075872</td>
<td>293866.5</td>
<td>-3.661</td>
<td>0.000</td>
</tr>
<tr>
<td>Information Management</td>
<td>-3022081</td>
<td>566845.7</td>
<td>-5.331</td>
<td>0.000</td>
</tr>
</tbody>
</table>

4.9 Chapter Summary

The chapter gives the findings of the study. These findings have been presented using descriptive and inferential analysis of the variables with an aim of finding answers to the research questions. The study found that staff competency, availability of resources and information management strategies were highly used in the bank to ensure effective debt collection. The study also noted that there existed negative and significant correlations between staff competency, availability of resources and information management and non-performing loans.
CHAPTER FIVE

5.0 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The findings, conclusions and recommendations are summarized in this chapter. The aim of this chapter is to discuss the findings reported in chapter 4 and based on those findings be able to make conclusions about the research and finally make recommendations on improvements in the area of debt collection within commercial banks in Kenya. The findings, conclusions and recommendations will be done based on the data collected and analyzed in chapter 4.

5.2 Summary

The general objective of this study was to determine the determinants of effective debt collection practices in Kenyan commercial banks. The specific objectives of this study were to determine to what extent does staff competency affect the effectiveness of debt collection in commercial banks, to determine the effect of financial resources on the effectiveness of debt collection in commercial banks and to determine to what extent does information management affect effectiveness of debt collection in commercial banks.

Descriptive survey design was used to carry out the research. The total population of the study was 1118 credit managers/supervisors or branch managers of the 37 commercial banks. A sample size of 118 respondents was selected through random sampling technique, which represents a 10% of the population. A questionnaire was formulated and used for data collection. Secondary data on the level of Nonperforming loans/Gross loans was also collected. The data collected was analyzed using descriptive statistics such as frequencies and measures of central tendency such as mean. The data was analyzed using SPSS software (statistical package for social sciences). Tables and pie charts were used to present the findings.

The response rate was 87 out of the possible 118 which (74%). This was considered adequate based on assertions by scholars such as Mugenda and Mugenda (2003) and Kothari (2004).
who said that a response of 50% is adequate for a study. Therefore using 50% as the threshold, 73% is quite good. The findings show that a larger portion of the respondents were male constituting 57% of the total respondents while 43% were female. 38% of the respondents had postgraduate level of education, 44% had attained university level of education while 18% had college education and below. For the duration of working for the current employer, 67.8% had worked with the current employer for more than 5 years, 21.8% had worked for between 3 and 5 years while 10.3% had worked for less than 3 years. These findings show that the respondents had worked long enough to appreciate the issues affecting debt collection and therefore the response that they gave was reliable and representative.

One of the study objectives was to determine the effect of staff competence effectiveness of debt collection in commercial banks. A large portion of the respondents agreed with the statement concerning staff competence. 83.9% agreed that induction training was done for every new employee who joins, 67.8% agreed that the induction training given included training on tasks relating to the job, 78.2 % agreed that it was important for the bank to give on the job training in order to enhance employee performance, 82.7% agreed that the training offered to them had improved their knowledge of the bank and as a result settling in and adjusting to the work environment had been easier. Based on the responses given we can conclude that the bank encourages exchange programs among staff which gives the employee good exposure. The bank also organizes seminars and other short term training which helps the employee to keep up with the emerging issues about debt collection. This implied that staff competence was emphasized in the bank by providing proper training to staff. The relationship between staff competence and non-performing loans is negative and significant (r= -0.420, p=0.000). This implies that an increase in the effectiveness of staff competence influences the non-performing loans negatively.

The second objective of the study was to determine the effect of financial resources on the effectiveness of debt collection in commercial banks. The study findings indicated that majority of the respondents agreed with the statements that the bank provides vehicles for staff mobilization while carrying out their duties, the bank provides airtime for staff in debt collection department for follow up calls, the bank has enough number of staff in the debt collection department, the employees of the bank are well remunerated to avoid corruption
issues and the bank has invested heavily in technological resources to ensure smooth work flow of employees. The relationship between financial resources and non-performing loans is negative and significant ($r = -0.408, p=0.000$). This implies that an increase in the financial resources led to a decrease of non-performing loans. This further implies that financial resources influenced or affected non-performing loans negatively.

The third objective of the study was to determine to what extent information management affects effectiveness of debt collection in commercial banks. A large portion of the respondent agreed to all the statements concerning information management. 73.5% agreed that the bank had invested in a user friendly information system, 72.4 % agreed that the information system that the bank had invested in had contributed in minimizing administrative costs, 64.4% believed that the core banking software is compatible with the other information management systems, while 92% believed that the banks information system is flexible enough to accommodate growth in the bank. The relationship between information management and non-performing loans is negative and significant ($r= -0.212, p=0.049$). This means that when the banks improve the efficiency of their information systems, nonperforming loans will reduce that is they are negatively correlated.

### 5.3 Discussion

The purpose of this section is to elaborate further the findings based on the already stated research questions.

#### 5.3.1 Staff Competence and Debt Collection Practices

The first objective of this study was to determine how staff competence affects the effectiveness of debt collection in commercial banks in Kenya. The results have shown that most respondents believe that new employees get good induction training, the induction training included training on task relating to the job and that on the job training was crucial for improving employee performance. Majority also believed that the training offered to them had widened their knowledge gap and had assisted them adjust to the work environment. It is also the belief of most of the respondents that the banks offered short term training which enhance staff competency and that the banks encouraged staff exchange
programs as a means of training the staff. This implied that staff competence was emphasized in the bank by providing proper training to staff. The relationship between staff competence and non-performing loans is negative and significant ($r= -0.420$, $p=0.000$). This implies that an increase in the effectiveness of staff competence influences the non-performing loans negatively.

The findings agree with those in Iqbal, Latif and Nasser (2012) who revealed the relationship between person job fit, job satisfaction and job performance in their research paper, the Impact of person job fit on job satisfaction and its subsequent impact on employees’ performance. Their paper studied and analyzed the responses of 251 respondents from various universities in twin cities that is Islamabad and Rawalpindi. Results indicated that there exists relationship between person job fit and job satisfaction and job performance and the result is positive. While the relationship between job satisfaction and job performance is also positive.

The findings also concur with those in Ruitenberg and Beer (2012) who, in their research study the impact of attitudes and work preferences on Dutch mothers’ employment, argued that relatively variable work preferences act as a mediating factor between more stable gender and work attitudes and actual labour market behaviour. With a path analysis of a representative survey among 940 Dutch mothers, the study demonstrates that the effect of gender and work attitudes on mothers’ labour market behaviour is largely mediated by the variable work preference, which influence on actual labour participation appears much larger than the influence of objective background characteristics. The analysis supports the claim that more or less stable gender and work attitudes have a balancing effect on otherwise more flexible work preferences.

The findings corroborate with those of Wanyama and Mutsofso (2010) who concluded that, capacity building and employee productivity is positively correlated to organizational performance. Therefore they recommended, the firms through the Human Resource Departments should plan and execute training programs that are in line with objectives of the firm and those that match employees’ abilities and skills to enhance effective organizational performance. Human Resource Development practitioners should consider desired work-
related attitudes such as organizational motivation, employee turnover, employee productivity, punctuality, organizational performance, job satisfaction and motivation to be an additional outcome of employee productivity and capacity building. Since employee productivity depends on the amount of time an individual is physically present at a job and also the degree to which he or she is mentally present or efficiently functioning while present at a job.

5.3.2 Resources and Debt Collection Practices

The second objective of the study was to determine the effect of financial resources on the effectiveness of debt collection in commercial banks. The study findings indicated that majority of the respondents agreed with the statements that the bank provides vehicles for staff mobilization while carrying out their duties, the bank provides airtime for staff in debt collection department for follow up calls, the bank has enough number of staff in the debt collection department, the employees of the bank are well remunerated to avoid corruption issues and the bank has invested heavily in technological resources to ensure smooth work flow of employees. The relationship between financial resources and non-performing loans is negative and significant ($r = -0.408$, $p=0.000$). This implies that an increase in the financial resources led to a decrease of non-performing loans. This further implies that financial resources influenced or affected non-performing loans negatively.

The findings also agree with Draker (1999) who asserts that today's challenge of organizations is measuring and enhancing the worker productivity. Therefore, managers are required to recognize, motivate, and optimize the great hidden power of organizations' human talents and take into account the factors creating instrumental motivation (such as salary and wages, bonus, facilities, working physical environment, and safety) and non-instrumental motivation (like unity of jobs, job security, justice in organizations and training), since these factors do really affect productivity.

The findings further agree with those in Taheri (2004) who argued that organizations will achieve continuous considerable productivity improvement in the case of working right instructional programs in organizations, using permanent incentives instead of classic ones, and applying the skills of individuals' partnership in the decision making process and
organization affairs. Taheri (2004) further believed that the key factors affecting manpower productivity enhancement are continuous job training of staff and managers, upgrading motivation among staff to do better and further work, paving the way for innovation and creativity of staff and managers, setting up a right payment system based on performance, establishing an encouragement and punishment system, working conscience, and social discipline, changes in the system and methods, empowering the sovereignty, and the mastery of organization policies over the affairs.

The findings corroborate with a survey done by Tayebi and Baghbanian (2002) to investigate the factors affecting worker productivity from the viewpoint of the supportive sector staff of Shiraz Medical Science University, the most important factors were recognized as ability, job awareness, performance feedback, organizational support, motivation, validity, and environmental adaptation. Alamaleki et al. (2002), also found in a survey that those satisfied with different job factors (instrumental factors of motivation, organizational structure, instruction and job skills) have weak productivity, whereas those pleased with these factors have a higher productivity, and there is a significant relation between productivity and different job factors.

Enshassi et al. (2007) in a survey called “an investigation of the factors affecting worker productivity in building projects”, identified the following factors as the ones having negative impact on worker productivity: shortage of materials, lack of working experience, lack of supervision, misunderstanding between workers and supervisors, change of plans and features during work, delays in payments, lack of loyalty to staff, delay in inspection, seven days of work per week without any holidays, and shortage of instruments and equipment.

5.3.3 Information Management and Debt Collection Practices

The third objective of the study was to determine to what extent information management affects effectiveness of debt collection in commercial banks. Based on the results we note that a large portion on the respondents believed that the bank had invested in a management information system that is user friendly, the information system that the bank had invested in has helped minimize administrative costs, that the core banking system was compatible with the other information systems in the bank, The banks information system could
accommodate the banks growth, and that the information system being used by the bank had helped to enhance employee performance and productivity. The respondents also believed that employees had time and freedom to chat freely with their colleagues. The relationship between information management and non-performing loans is negative and significant ($r = -0.212, p=0.049$). The means that when information systems improve, the nonperforming loans decline.

The findings agree with those in Gupta and Moesel (2007) who investigated the impact of entrepreneurial orientations on a firm’s knowledge management practices in its supply chain alliances. They collected needed data from top executives of small and medium-sized high technology firms located in the US. Their findings revealed that entrepreneurial orientations (risk-taking, innovativeness and pro-activeness) are positively related to knowledge creation and acquisition in key customer alliances.

Hui Li et al. (2008) who, examined the relationships among entrepreneurial orientation, knowledge creation process, and firm performance concluded in their hypothesis that; there is a significant relationship between entrepreneurial orientation and firm performance, there is a significant relationship between entrepreneurial orientation and knowledge creation process and there is a significant relationship between knowledge creation process and firm performance.

The same argument is supported by studies done by McCall et al. (2008) who conducted a study aimed at investigating whether the knowledge management systems embodied within public knowledge stimuli, affect performance decisions within decision-making circles, and whether knowledge is acquired in a form different from conventional methods and references (articles and books) during research and problem-solving. An empirical approach was used to study performance levels and public knowledge acquisition through a sample containing (188) volunteers, divided into two groups using knowledge management systems in one group, and conventional methods in the other. The study found that the users of knowledge management systems outperformed the users of conventional references. There were also improvements in analyzing and solving problems, the break-down of rules and definitions,
and recognizing data. The difference in the performance of knowledge acquisition was statistically significant between the two groups.

The findings are consistent with those in Misar et al., (2001) who conducted a study aimed at providing a general framework for structuring knowledge management in governmental organizations, and its most important aspects which included; human resources, technology, operations, and management. The study provided an example of the structure of knowledge management in the Indian government and the extent of success achieved from the adoption of this methodology in the Indian government. Darroch (2005) also found a positive connection between firm knowledge management capabilities and firm innovation capabilities. From a survey distributed to larger organizations in New Zealand Darroch (2005) concluded that organizations that had capabilities in “knowledge acquisition, knowledge dissemination, and responsiveness to knowledge were more innovative and performed better. Carneiro (2000) also argued that “the organizations that are able to stimulate and to improve the knowledge of their human capital are much more prepared to face today’s rapid changes and to innovate in the domain they decide to invest and compete.

5.4 Conclusions

The purpose of this section is to make a conclusion based on the findings earlier reported

5.4.1 Staff Competency and Debt Collection Practices

One of the study objectives was to determine the effect of staff competency on effectiveness of debt collection in commercial banks. The findings reported can be used to conclude that banks put a high emphasis on staff competence. The results also show that induction is carried out for new employees in most banks and that job training constituted part of the induction. Results revealed that on the job training was important and effective in improving employee performance; training had improved the employees’ knowledge gap about the bank, which helped them to adjust comfortably to the work environment. It was also possible to conclude that the bank encouraged staff exchange programs with other employees which improve work knowledge and productivity and the bank offers short training in form of seminars to improve staff competency. Looking at the correlation results we note that the
The relationship between staff competency and nonperforming loans is significantly negative. The findings imply that staff competency has a significant effect on non-performing loans in the banks.

5.4.2 Resources and Debt Collection Practices

The study sought to determine the effect of financial resources on the effectiveness of debt collection in commercial banks. Results led to the conclusion that resources helped in staff mobilization while carrying out their duties thus effective debt collection measures. It was inferred that the bank provided all the resources required by the staff while working such as air time, good salary and remuneration to the staff and enough personnel to carry out the duties effectively and efficiently. It was concluded that the bank also had invested heavily in technological resources to ensure smooth work flow of employees. Correlation results led to the conclusion that the relationship between financial resources and non-performing loans is negative and significant. This implies that an increase in the financial resources led to a decrease in non-performing loans. This further implies that financial resources influenced or affected non-performing loans negatively.

5.4.3 Information Management and Debt Collection Practices

The aim of the study was to establish to what extent information system affect the effectiveness of debt collection. Based on the results and findings we can conclude that banks recognize the importance and the value of information systems. To ensure that the information system effectively serves its purpose, banks had invested in information systems which were user friendly to ensure that all users could comfortably use the system to carry out their duties. As a result of the investment in information systems the banks have been able to minimize their administrative costs. The findings also indicate that the banks’ core management information system is compatible with other information system in use within the bank. Compatibility of the core information system is crucial because the other information systems depend on the core system in order to perform its task effectively. The results also indicate that the information system was flexible enough to manage the banks growth. The respondents also believe that the information system has helped in enhancing employee productivity and performance. This is mainly because the information system
enables the employees to carry out their tasks faster than is the case when all data processing and record keeping is done manually. Looking at the results we note that the relationship between information systems and nonperforming loans is significantly negative. That means that an increase in information system result to a decrease in nonperforming loans.

5.5 Recommendations

5.5.1 Recommendations for Improvement

5.5.1.1 Staff Competency and Debt Collection Practices

Based on the results from the study we appreciate that staff competence is crucial in enhancing effective debt collection in commercial banks. Commercial banks therefore need to put a strong emphasis on the competence of the staff. The banks should endeavor to recruit qualified staff in terms of both academics as well as character. The banks should also put it place a training program for both existing employees who need to keep updating themselves with emerging issues relating to their work and new employees who need to first be oriented into their new work environment while at the same time being trained on skill relating to the jobs they have been hired for. Staff competence can also be enhance when there is a clear communication on the banks goals as well as work flow processes. This will help the employees to understand the banks expectations of them and what rules and procedures to follow in carrying out their tasks.

The bank also needs to ensure that employees are motivated because as the findings show employee satisfaction affects the effectiveness of debt collection. As the banks train the employees it is also important to motivate them so that they can carry out their duties whole heartedly. This can be done by ensuring that they are well compensated, the working environment is conducive, their efforts are recognized and they feel that their jobs are secure.

5.5.1.2 Resources and Debt Collection Practices

The study recommends that banks should invest enough resources in the credit department to ensure that their objectives and goals are met without constraints. The banks may have competent and motivated employees but these employees will be limited if they are not
provide with the required resource. The bank needs to invest in efficient information systems to make data processing quicker and more accurate which will also improve the services being offered by the department to the clients, adequate personnel and all other resources that the employees will need to carry out their duties.

5.5.1.3 Information Management and Debt Collection Practices

Based on the results that information management has an effect on effective debt collection, it is recommended that banks invest in information system that is user friendly and one that will help to minimize administrative costs. This system should be compatible with other systems in use within the bank. Considering the bank is expected to grow in future, the system should be one that is flexible enough to accommodate the banks growth when the need arises.

5.5.2 Recommendations for further studies

Further investigations can be done on the effect of staff competency, resources, and information management on debt collection in other financial institutions. For instance the study can be replicated in other micro financing organizations such as SACCOs and MFIs.
REFERENCES


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Sonnentag S., Volmer J. and Spychala A. (2010), Job Performance, First publ. in: Micro approaches (Sage handbook of organizational behavior; vol. 1) / ed. by Julian Barling, Los Angeles, Calif. [u.a.]: SAGE, pp. 427-447,


University of Medical Sciences and Health Services. The first National Conference on Hospital Management.


APPENDICES

Appendix 1: Letter of introduction

Date…………………………

The Manager,

…………….Bank Limited

P. O Box……………….

Nairobi

Dear Sir/Madam,

**Re: REQUEST TO CONDUCT A QUESTIONNAIRE**

My name is Peter Kitonga and, a student at United States International University (USIU). I am in the process of conducting a research on **“determinants of effective debt collection in commercial banks in Kenya”**. As part of my research I have formulated a questionnaire that will help me gather the information needed for the research. I therefore humbly request you to allow me to collect information from your Bank through this questionnaire.

The information collected on this questionnaire shall only be used for academic purposes and will be treated in strict confidence. The outcome and report issued will not include reference to any particular individual.

Your acceptance will be most appreciated.

Yours truly,

Peter Kitonga
Appendix II: Questionnaire

This questionnaire has statements regarding determinants of effective debt collection in commercial banks in Kenya. Kindly take few minutes to complete the questionnaire as guided. Your responses will be handled confidentially and ethically.

Thank you for agreeing to participate in this academic study.

SECTION A: GENERAL /DEMOGRAPHIC DATA

1. Kindly indicate your name (Optional).…………………………………………………………

2. Kindly indicate your gender
   a) Male
   b) Female

3. Please indicate the highest level of education you have ever attained
   a) Secondary level
   b) College level
   c) University level
   d) Post graduate level
   e) Other (Specify)

3. How many years have you worked in the financial services sector?
   a) Less than 2 years
   b) 3 to 5 years
   c) Over 5 years

4. What is your position in the bank?
   a) Credit Manager
   b) Branch Manager
**SECTION B: STAFF COMPETENCY AND EFFECTIVE DEBT COLLECTION PRACTICES**
This subsection is concerned with investigation of whether staff competency influence effectiveness of debt collection in Kenyan commercial banks. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Every new employee receives induction training</td>
<td></td>
<td></td>
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<tr>
<td>2</td>
<td>Learning about the duties of the job is included in the induction training</td>
<td></td>
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<tr>
<td>3</td>
<td>On the job training is important and effective in improving employee performance</td>
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<tr>
<td>4</td>
<td>Training has improved my knowledge gap about the bank, which has helped me adjust comfortably to the work environment.</td>
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<tr>
<td>5</td>
<td>The bank encourages staff exchange programs with other employees which improves work knowledge and productivity</td>
<td></td>
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<tr>
<td>6</td>
<td>The bank offers short training in form of seminars to improve staff competency</td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
SECTION C: RESOURCES AND EFFECTIVE DEBT COLLECTION PRACTICES

This subsection is concerned with investigation of whether resources affect effective debt collection in Kenyan commercial banks. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The bank provides vehicles for staff mobilization while carrying out their duties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>The bank provides airtime for staff in debt collection department for follow up calls</td>
<td></td>
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<tr>
<td>3</td>
<td>The bank has enough number of staff in the debt collection department</td>
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<tr>
<td>4</td>
<td>The employees of the bank are well remunerated to avoid corruption issues</td>
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<tr>
<td>5</td>
<td>The bank has invested heavily in technological resources to ensure smooth work flow of employees</td>
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</tbody>
</table>
SECTION D: INFORMATION MANAGEMENT AND EFFECTIVE DEBT COLLECTION PRACTICES

This subsection is concerned with investigation of whether information management affects effective debt collection in Kenyan commercial banks. Please mark (x) in the box which best describes your agreement or disagreement.

<table>
<thead>
<tr>
<th>No</th>
<th>Statement</th>
<th>Strongly disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The bank has invested in a management information system which is easy to use</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2</td>
<td>The bank has invested in a management information system which has enabled the minimization of administrative costs</td>
<td></td>
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<tr>
<td>3</td>
<td>The core banks management information system is compatible with other systems</td>
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<tr>
<td>4</td>
<td>The management information system is flexible enough to supports the growth of the bank</td>
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<tr>
<td>5</td>
<td>The management information system of the bank has been crucial in assisting employees to enhance their performance and productivity</td>
<td></td>
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<tr>
<td>6</td>
<td>Staff usually have time to chat informally with their colleagues</td>
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</tbody>
</table>
### Appendix III: Study Work Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>January</th>
<th>February</th>
<th>March</th>
<th>April</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4</td>
<td>1 2 3 4</td>
<td>1 2 3</td>
<td>1 2 3</td>
</tr>
<tr>
<td>Topic selection and approval</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisor appointment</td>
<td></td>
<td></td>
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<tr>
<td>Produce draft proposal</td>
<td></td>
<td></td>
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<tr>
<td>Incorporate supervisor's reviews</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Proposal ready for presentation</td>
<td></td>
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<tr>
<td>Pilot testing of questionnaire</td>
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</tr>
<tr>
<td>Data collection</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Data processing and analysis</td>
<td></td>
<td></td>
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<tr>
<td>Review of draft by supervisor</td>
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<tr>
<td>Incorporate supervisor's comments</td>
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<tr>
<td>Submit project to research office</td>
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<tr>
<td>Incorporate reviewer’s comments</td>
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<tr>
<td>Submit final bound copy.</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
## Appendix IV: Estimated Study Budget

<table>
<thead>
<tr>
<th>ITEM</th>
<th>COST (Kenya Shillings)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposal Development:</strong> Printing and photocopying</td>
<td>5,000/=</td>
</tr>
<tr>
<td><strong>Data Collection:</strong> Questionnaire printing and photocopying (122 )</td>
<td>6,000/=</td>
</tr>
<tr>
<td>Transport expenses</td>
<td>3,000/=</td>
</tr>
<tr>
<td>Research Assistants</td>
<td>24,000/=</td>
</tr>
<tr>
<td><strong>Data analysis and report:</strong> Printing and binding thesis report</td>
<td>10,000/=</td>
</tr>
<tr>
<td>Transport expenses</td>
<td>2,000/=</td>
</tr>
<tr>
<td><strong>Miscellaneous and Contingency Budget</strong></td>
<td></td>
</tr>
<tr>
<td>To cater for any unprecedented research activities that may present themselves. (10% of other costs)</td>
<td>5,000/=</td>
</tr>
<tr>
<td><strong>TOTAL BUDGET</strong></td>
<td>55,000/=</td>
</tr>
</tbody>
</table>